FINANCIAL

FINANCIAL REPORT STRAUMANN GROUP

ALTERNATIVE PERFORMANCE MEASURES

The financial information in this annual report release includes certain Alternative Performance Measures (APMs), which are not accounting measures defined by IFRS.

CORE FINANCIAL MEASURES are non-IFRS financial measures because they cannot be derived directly from Group consolidated financial statements. Management believes that these non-IFRS financial measures, when provided in combination with reported results, will provide readers with helpful supplementary information to better understand the financial performance and position of the Group on a comparable basis from period to period. These non-IFRS financial measures are not a substitute for, or superior to, financial measures prepared in accordance with IFRS. Core financial measures are adjusted to exclude the following significant items:

- PPA amortization: Special items and amortization of intangible assets that result from the purchase price allocation (PPA) following acquisitions.
- Impairments: Impairment write-offs of financial or non-financial assets as a result of unusual or one-time events in legal or economic conditions, change in consumer demands or damage that impacts the asset. In 2020 the Group has impaired assets mainly as a consequence of the COVID-19 pandemic (Note 4.4, 7.4).
- Restructuring: One-off costs resulting from major restructuring exercises. The amount disclosed in 2020 represents the costs incurred in relation to the reduction of the Group's workforce (Note 8.4).
- Legal cases: Non-recurring and significant litigation charges. Expenses related to legal disputes in the course of the Group's ordinary business activities are not adjusted.
- Pension plan: One-time settlements, plan amendment gains or losses stemming from pension accounting. In 2020 a one time-plan amendment gain of CHF 5.3 million was recorded mainly in respect of changes in the Swiss pension plan (adoption of a lower conversion rate) (Note 8.2).
- Consolidation result of former associates: Revaluation gains and losses as a result of obtaining control over former associates.
- Other: Non-recurring, unusual and infrequent incidents that cannot be allocated to any of the preceding categories. In June 2021, the Group increased its estimate on the contingent consideration payable to the sellers of DrSmile by CHF 49.0 million (Note 7.4).

A reconciliation of IFRS to core measures is disclosed in the table at the end of this section.

Further, the Group discloses VARIOUS KEY PERFORMANCE INDICATORS (KPI). Unless otherwise stated, the following KPI are based on IFRS figures, as disclosed in the consolidated financial statements:

ORGANIC REVENUE GROWTH

Revenue growth excluding the revenue contribution from business combinations (calculated by adding pre-acquisition revenues of the prior period to the existing revenue growth base) and currency effects.

REVENUE GROWTH IN LOCAL CURRENCIES

Revenue growth excluding currency effects. Those effects are calculated using a simulation by reconsolidating the prior period revenues with the current year foreign exchange translation rates.

NET CASH (NET DEBT)

Net debt is an indicator of the Group's ability to meet financial commitments, to pay dividends and to undertake acquisitions. The KPI is calculated by subtracting financial liabilities (excluding lease liabilities) and retirement benefit obligations from cash and cash equivalents.

NET WORKING CAPITAL (NET OF CASH)

Working capital is capital invested in the Group's operating activities. It is a driver for cash flow and an indicator of operational efficiency. Net working capital combines the subtotals of current assets and current liabilities, excluding the lines cash and cash equivalents, current financial assets and current financial liabilities.

DAYS OF SUPPLIES (DOS)

The days of supplies indicate the average time in days that the Group takes to turn its inventory. The numerator is the balance sheet position 'inventories' at year-end and the denominator is the 'Cost of goods sold' of the past three months, multiplied by 90 days.

DAYS OF SALES OUTSTANDING (DSO)

The days of sales outstanding indicate the average number of days the Group takes to collect its receivables. The numerator is the balance sheet position 'trade receivables' at year-end and the denominator is the 'net revenues' of the past three months, multiplied by 90 days.

RETURN ON ASSETS (ROA)

Return on assets expresses the earning power of the Group's assets. The numerator is the profit for the period of the past twelve months and the denominator is the average balance sheet total for the same period.

EQUITY RATIO
The equity ratio is calculated by dividing total equity by total assets.

RETURN ON EQUITY (ROE)
Return on equity compares profitability of the Group in relation to the equity invested. The numerator is the profit for the period of the past twelve months and the denominator is the average equity for the same period.

CAPITAL EMPLOYED
Capital employed equals current assets, property, plant and equipment, right-of-use assets, intangible assets minus cash and cash equivalents and non-interest-bearing liabilities.

RETURN ON CAPITAL EMPLOYED (ROCE)
Return on capital employed expresses the earning power of the Group's invested capital. The numerator is the operating profit (EBIT) of the past twelve months and the denominator is the average capital employed for the same period.

FREE CASH FLOW
Free cash flow represents the cash-generating capability of the Group to conduct and maintain its operations, to finance dividend payments, to repay debt and to undertake acquisitions. Free cash flow equals net cash from operating activities less purchase of property, plant and equipment, less purchase of intangible assets, plus net proceeds from property, plant and equipment.

DIVDEND PAY-OUT RATIO
A dividend payout ratio is the percentage of earnings paid to shareholders of Straumann Holding AG: the proposed dividend pay-out in the following year divided by the Group's CORE net profit of the past twelve months.

CORE RESULT RECONCILIATION 2021

(in CHF 1 000)	IFRS 2021	PPA amortization	Impairments	Restructuring	Pension plan	Other	CORE 2021
Revenue	2 021 903						2 021 903
Cost of goods sold	(481 880)	142					(481 738)
Gross profit	1 540 023	142					1 540 165
Other income	6 072						6 072
Distribution expense	(384 897)	8 324					(376 574)
Administrative expense	(618 618)	2 293					(616 325)
Operating profit	542 579	10 758					553 338
Finance income	89 414						89 414
Finance expense	(160 668)					48 951	(111 717)
Share of results of associates	6 059						6 059
Profit before income tax	477 385	10 758				48 951	537 094
Income tax expense	(78 099)	(3 008)				0	(81 107)
NET PROFIT	399 286	7 750				48 951	455 987
Attributable to:							
Shareholders of the parent company	396 079	7 545				48 951	452 576
Non-controlling interests	3 206	205					3 411
Basic earnings per share (in CHF)	24.90						28.45
Diluted earnings per share (in CHF)	24.82						28.36
Operating profit	542 579	10 758					553 338
Depreciation & amortization	109 843	(10 758)					99 084
EBITDA	652 422	0					652 422

CORE RESULT RECONCILIATION 2020

(in CHF 1 000)	IFRS 2020	PPA amortization	Impairments	Restructuring	Pension plan	Other	CORE 2020
Revenue	1 425 851						1 425 851
Cost of goods sold	(396 073)	141	7 649	880			(387 403)
Gross profit	1 029 778	141	7 649	880			1 038 448
Other income	18 764						18 764
Distribution expense	(311 767)	8 094	12 314	8 287			(283 071)
Administrative expense	(580 234)	3 761	132 112	8 747	(5 275)		(440 890)
Operating profit	156 541	11 995	152 075	17 915	(5 275)		333 251
Finance income	75 033						75 033
Finance expense	(116 078)		10 118				(105 960)
Share of results of associates	(1 588)						(1 588)
Profit before income tax	113 907	11 995	162 193	17 915	(5 275)		300 735
Income tax expense	(21 640)	(3 287)	(12 613)	(2 687)	580		(39 647)
Net profit	92 268	8 708	149 580	15 227	(4 695)		261 088
Attributable to:							
Shareholders of the parent company	91 282	8 431	147 139	15 227	(4 695)		257 385
Non-controlling interests	986	276	2 441				3 703
Basic earnings per share (in CHF)	5.75						16.20
Diluted earnings per share (in CHF)	5.73						16.16
Operating profit	156 541	11 995	152 075	17 915	(5 275)		333 251
Depreciation & amortization	249 442	(11 995)	(149 975)	0	0		87 472
EBITDA	405 983	0	2 100	17 915	(5 275)		420 722

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in CHF 1 000)	Notes	31 Dec 2021	31 Dec 2020
Property, plant and equipment	4.1	357 546	313 547
Right-of-use assets	4.2	221 324	235 584
Intangible assets	4.3	638 887	650 285
Investments in associates	2.2	98 183	92 662
Financial assets	7.1	31 186	27 004
Other receivables		16 430	8 290
Deferred income tax assets	7.7	75 809	68 990
Total non-current assets		1 439 366	1 396 362
Inventories	5.1	249 227	216 570
Trade and other receivables	5.2	380 607	294 550
Financial assets	7.1	2 351	305
Income tax receivables		16 064	8 626
Cash and cash equivalents	5.3	880 423	632 201
Total current assets		1 528 672	1 152 252
TOTAL ASSETS		2 968 038	2 548 613

Equity and liabilities

(in CHF 1 000)	Notes	31 Dec 2021	31 Dec 2020
Share capital	7.5	1 592	1 591
Retained earnings and reserves		1 493 808	1 203 144
Total equity attributable to the shareholders of the parent company		1 495 400	1 204 735
Non-controlling interests		5 048	5 209
Total equity		1 500 448	1 209 943
Other liabilities	6.2	85 590	86 986
Income tax liabilities		12 612	9 654
Financial liabilities	7.2	690 299	730 622
Provisions	6.1	23 681	15 436
Retirement benefit obligations	8.2	61 739	73 325
Deferred income tax liabilities	7.7	31 040	43 228
Total non-current liabilities		904 962	959 250
Trade and other payables	5.4	439 725	317 591
Financial liabilities	7.2	40 751	27 635
Income tax liabilities		73 616	34 159
Provisions	6.1	8 535	35
Total current liabilities		562 628	379 420
Total liabilities		1 467 590	1 338 670
TOTAL EQUITY AND LIABILITIES		2 968 038	2 548 613

CONSOLIDATED INCOME STATEMENT

(in CHF 1 000)	Notes	2021	2020
Revenue	3.1	2 021 903	1 425 851
Cost of goods sold		(481 880)	(396 073)
Gross profit		1 540 023	1 029 778
Other income	3.3	6 072	18 764
Distribution expense		(384 897)	(311 767)
Administrative expense		(618 618)	(580 234)
Operating result		542 579	156 541
Finance income	7.4	89 414	75 033
Finance expense	7.4	(160 668)	(116 078)
Share of results of associates	2.2	6 059	(1 588)
Result before income tax		477 385	113 907
Income tax	7.7	(78 099)	(21 640)
NET RESULT		399 286	92 268
Attributable to:			
Shareholders of the parent company		396 079	91 282
Non-controlling interests		3 206	986
Basic earnings per share attributable to ordinary shareholders of the parent company (in CHF)	3.2	24.90	5.75
Diluted earnings per share attributable to ordinary shareholders of the parent company (in CHF)	3.2	24.82	5.73

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in CHF 1 000)	2021	2020
Net result	399 286	92 268
Other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods:		
Net foreign exchange result on net investment loans	(16 816)	(36 781)
Exchange differences on translation of foreign operations	(23 619)	(121 784)
Share of other comprehensive income / (loss) of associates accounted for using the equity method	20	(44)
Income tax effect	197	1 065
Other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods	(40 219)	(157 544)
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial instruments designated through other comprehensive income	(3 853)	1 530
Remeasurements of retirement benefit obligations	14 863	(7 286)
Income tax effect	(1 654)	735
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods	9 356	(5 021)
Other comprehensive income / (loss), net of tax	(30 862)	(162 566)
TOTAL COMPREHENSIVE INCOME / (LOSS), NET OF TAX	368 423	(70 298)
Attributable to:		
Shareholders of the parent company	365 410	(71 095)
Non-controlling interests	3 013	797

CONSOLIDATED CASH FLOW STATEMENT

(in CHF 1 000)	Notes	2021	2020
Net result		399 286	92 268
Adjustments for:			
Income tax	7.7	78 099	21 640
Net interest result		14 778	19 404
Financial impairment expense	7.4	878	10 599
Share of results of associates	2.2	(6 059)	1 588
Share-based payments expense	8.1, 8.3	9 364	9 285
Other non-cash items[1]		498	11 372
Depreciation and amortization[1]	4.5	103 206	99 467
Impairment[1]	4.5	6 637	149 975
Change in provisions, retirement benefit obligations and other liabilities		17 541	(4 770)
Change in long-term assets		(8 451)	(3 359)
Working capital adjustments:			
Change in inventories		(36 939)	(13 568)
Change in trade and other receivables		(104 626)	53 067
Change in trade and other payables		158 962	(890)
Interest paid on lease liabilities	7.2	(6 912)	(6 626)
Interest paid		(6 840)	(7 658)
Interest received		2 131	2 267
Income tax paid		(61 250)	(57 466)
Cash flows from operating activities		560 303	376 594

1 Prior year's figures have been adapted to the current year grouping

(in CHF 1 000)	Notes	2021	2020
Purchase of financial assets		(9 883)	(6 392)
Proceeds from sale of financial assets		1 404	363
Purchase of property, plant and equipment		(105 128)	(70 842)
Purchase of intangible assets		(15 842)	(11 227)
Purchase of investments in associates		(7 107)	(3 161)
Acquisition of a business, net of cash acquired	2.1	(4 753)	(42 584)
Contingent consideration paid		(34 995)	(12 554)
Proceeds from loans		0	821
Disbursement of loans		(1 824)	(774)
Dividends received from associates		1 641	812
Net proceeds from sale of non-current assets		1 271	712
Cash flows from investing activities		(175 216)	(144 825)
Purchase of non-controlling interests	7.2, 7.3	(8 343)	0
Repayment of non-current financial debts	7.2	(4 742)	(3 934)
Increase in non-current financial debts	7.2	1 320	479 031
Repayment of current financial debts	7.2	(309)	(200 057)
Dividends paid to the equity holders of the parent	7.6	(91 381)	(91 231)
Dividends paid to non-controlling interests		(1 967)	(1 245)
Payment of lease liabilities	7.2	(29 897)	(24 920)
Sale of treasury shares		7 581	0
Purchase of treasury shares		(3 503)	(4 312)
Cash flows from financing activities		(131 240)	153 331
Exchange rate differences on cash held		(5 625)	(13 110)
Net change in cash and cash equivalents		248 222	371 990
Cash and cash equivalents at 1 January	5.3	632 201	260 211
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	5.3	880 423	632 201

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2021

(in CHF 1 000)		Attributable to the shareholders of the parent company							
	Notes	Share capital	Share premium	Treasury shares	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2021		1 591	52 599	(11 070)	(374 875)	1 536 490	1 204 734	5 209	1 209 943
Net profit						396 079	396 079	3 206	399 286
Other comprehensive income / (loss)					(40 243)	9 574	(30 669)	(194)	(30 863)
Total comprehensive income / (loss)		0	0	0	(40 243)	405 654	365 411	3 013	368 423
Issue of share capital	7.5	1	17 969			(17 970)	0		0
Dividends to equity holders of the parent	7.6					(91 381)	(91 381)		(91 381)
Dividends to non-controlling interests							0	(1 967)	(1 967)
Share-based payment transactions						12 489	12 489		12 489
Purchase of treasury shares				(3 503)			(3 503)		(3 503)
Usage of treasury shares				9 110		(1 529)	7 581		7 581
Put options to non-controlling interests						71	71	(1 207)	(1 136)
AT 31 DECEMBER 2021		1 592	70 567	(5 462)	(415 118)	1 843 821	1 495 400	5 048	1 500 448

2020

(in CHF 1 000)		Attributable to the shareholders of the parent company							
	Notes	Share capital	Share premium	Treasury shares	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2020		1 588	31 412	(9 361)	(216 498)	1 556 272	1 363 413	3 809	1 367 222
Net profit						91 282	91 282	986	92 268
Other comprehensive income / (loss)					(158 377)	(4 000)	(162 377)	(189)	(162 566)
Total comprehensive income / (loss)		0	0	0	(158 377)	87 282	(71 095)	797	(70 298)
Issue of share capital	7.5	3	21 187			(21 189)	0		0
Dividends to equity holders of the parent	7.6					(91 231)	(91 231)		(91 231)
Dividends to non-controlling interests							0	(1 245)	(1 245)
Share-based payment transactions						9 207	9 207		9 207
Purchase of treasury shares				(4 312)			(4 312)		(4 312)
Usage of treasury shares				2 603		(2 603)	0		0
Changes in consolidation group							0	526	526
Put options to non-controlling interests						(1 248)	(1 248)	1 321	73
AT 31 DECEMBER 2020		1 591	52 599	(11 070)	(374 875)	1 536 490	1 204 734	5 209	1 209 943

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND ACCOUNTING POLICIES

1.1 CORPORATE INFORMATION

The Straumann Group (SIX: STMN) is a global leader in tooth replacement and orthodontic solutions that restore smiles and confidence. It unites global and international brands that stand for excellence, innovation and quality in replacement, corrective and digital dentistry, including Anthogyr, ClearCorrect, Dental Wings, Medentika, Neodent, Straumann and other fully or partly owned companies and partners. In collaboration with leading clinics, institutes and universities, the Group researches, develops, manufactures and supplies dental implants, instruments, CADCAM prosthetics, orthodontic aligners, biomaterials and digital solutions for use in tooth correction, replacement and restoration or to prevent tooth loss. Headquartered in Basel, Switzerland, the Group currently employs more than 9 000 people worldwide. Its products, solutions and services are available in more than 100 countries through a broad network of distribution subsidiaries and partners.

The consolidated financial statements of the Straumann Group for the year ended 31 December 2021 were authorized for issue in accordance with a resolution of the Board of Directors on 14 February 2022 and are subject to approval by the Annual General Meeting on 5 April 2022.

1.2 BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

They have been prepared on a historical cost basis except financial assets and financial liabilities (including derivative financial instruments), which have been measured at fair value. The consolidated financial statements are presented in Swiss francs (CHF) and all values are rounded to the nearest thousand except where otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Straumann Holding AG and its subsidiaries as of 31 December 2021.

SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as for the parent company, using consistent accounting policies. All intra-Group balances, income and expenses and unrealized gains and losses resulting from intra-Group transactions are eliminated in full.

Changes in equity interests in Group subsidiaries that reduce or increase the Group's percentage ownership without loss of control are accounted for as an equity transaction between owners.

ASSOCIATES

Associates are those entities over which the Group has significant influence, but neither control nor joint control. Significant influence is the power to participate in the financial and operating policy decisions. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of changes in equity of the investee after the date of acquisition. The Group's share of results of operations is recognized in profit or loss, while any change in other comprehensive income of the associates is presented as part of the Group's other comprehensive income.

1.3 CHANGES IN ACCOUNTING POLICIES

AMENDMENTS EFFECTIVE IN 2021

The following amendments apply for the first time in 2021 but do not have a material impact on the consolidated financial statements of the Group:

- IFRS 7, IFRS 9 and IAS 39 'Interest Rate Benchmark Reform' Phase 2 (effective 1 January 2021)
- IFRS 16 (Amendments) 'COVID-19-Related Rent Concessions beyond 30 June 2021' (effective 1 April 2021)

STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE GROUP

The following standards and amendments to existing standards, which are relevant to the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2022 or later periods and the Group has not adopted them early:

- IFRS 3 (Amendments) 'Reference to the Conceptual Framework' (effective 1 January 2022)
- IAS 16 (Amendments) 'Proceeds before intended use' (effective 1 January 2022)
- IAS 37 (Amendments) 'Onerous contracts – cost of fulfilling a contract' (effective 1 January 2022)
- Annual Improvements 2018-2020 (Amendments effective 1 January 2022)
- IAS 1 (Amendments) 'Classification of liabilities as current or non-current' (effective 1 January 2023)
- IAS 1 and IFRS Practice statement 2 (Amendments) 'Disclosure of Accounting Policies' (effective 1 January 2023)
- IAS 8 (Amendments) 'Definition of Accounting Estimates' (effective 1 January 2023)
- IAS 12 (Amendments) 'Deferred tax related to assets and liabilities arising from a single transaction' (effective 1 January 2023)

The Group currently assumes that the applications of these standards and amendments will not have a material impact on the presentation of the consolidated financial statements.

1.4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the Group's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in the future. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are stated below.

CONTINGENT CONSIDERATIONS

The Group has entered into several contingent consideration arrangements arising from business combinations. Those arrangements are structured either as deferred purchase price payments or as put options granted to non-controlling interests. The fair values of the financial liabilities arising from those arrangements are based on the expected payment amounts and are discounted to present value using a risk-adjusted rate. The significant unobservable inputs are the forecasted performance targets (sales and/or profitability measures) and the risk-adjusted discount rate. The sensitivity of the fair values to those unobservable inputs are disclosed in Note 7.3.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable or when an annual impairment test is required, which is applicable for goodwill and the brands with an indefinite useful life (Neodent, Medentika, ClearCorrect, Anthogyr and DrSmile).

When value-in-use calculations are undertaken, management has to estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

LEASES

Critical judgements relating to lease terms are required for lease accounting. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

INCOME TAXES

The Group is subject to income taxes in numerous jurisdictions. Management judgment is required in determiningthe worldwide liabilities for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. When the final tax outcome differs from the amounts that were initially recognized, the difference impacts current earnings. Uncertain tax positions are included in current and non-current income tax liabilities.

PENSION AND OTHER EMPLOYMENT BENEFITS

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations, which involve making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The net employee retirement benefit obligation at 31 December 2021 was CHF 61.7 million (2020: CHF 73.3 million). Further details are given in Note 8.2.

1.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in Swiss francs (CHF), which is Straumann Holding AG's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using this functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate on the balance sheet date. All differences are taken to profit or loss with the exception of differences arising on monetary items that in substance form part of an entity's net investment in a foreign operation. Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The assets and liabilities of foreign operations are translated into Swiss francs at the exchange rate on the balance sheet date and their income statements are translated at the average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the plant and equipment when that cost is incurred. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

A straight-line method of depreciation is applied over the estimated useful life. Estimated useful lives of major classes of depreciable assets are:

- Buildings: 20– 30 years
- Plant, machinery and other equipment: 3–10 years

Land is not depreciated as it is deemed to have an indefinite life. Leasehold improvements are depreciated over the lease term including optional extension of the lease period but not exceeding its economic life.

An item of property, plant and equipment is derecognized when it is abandoned, removed or classified as 'held for sale'. For assets that are abandoned or removed, any remaining net carrying value is charged to profit or loss. The residual values, useful lives and methods of depreciation of assets are reviewed and adjusted if appropriate, at the end of each financial year.

LEASES

The Group leases land, various buildings, plant and machinery and other equipment. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
Leases are recognized as a right-of-use asset and a corresponding liability (included in financial liabilities) at the commencement of the lease. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

RIGHT-OF-USE ASSETS

Right-of-use assets are measured at cost and comprise the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

LEASE LIABILITIES

Liabilities arising from a lease are initially measured on a present value basis, using country-specific incremental borrowing rates. This rate is calculated based on the risk-free rate of the country plus a premium considering the Group's risk premium. The following lease payments are included in the net present value:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise IT equipment.

Extension and termination options are included in a number of lease contracts across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment and that is within the control of the lessee. Lease liabilities are disclosed as part of the current and non-current financial liabilities in the statement of financial position.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date, irrespective of any non-controlling interests. The excess of the costs of the acquisition above the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is initially measured at cost. If the costs of the acquisition are less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into use. Intangible assets acquired in a business combination are identified separately and recognized at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding development costs, are not capitalized and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

The amortization methods applied to the Group's intangible assets are summarized as follows:

	Customer & distribution relationships	Technology	Brands & trademarks	Development costs	Software
Useful life	Finite	Finite	Finite/infinite	Finite	Finite
Amortization method	Straight-line basis	Straight-line basis	Straight-line basis/none	Straight-line basis	Straight-line basis
Time period	Usually 7–15 years	Over estimated useful life but not exceeding 10 years	Usually 20 years/ not applicable	Over period of expected sales from the related project but not exceeding 3 years	Over estimated useful life but not exceeding 5 years
Internally generated or acquired	Acquired	Acquired	Acquired	Internally generated/ acquired	Acquired

The acquired brands Neodent, Medentika, ClearCorrect, Anthogyr and DrSmile play key roles in the Group's strategic priorities to accelerate growth in core markets and strategic segments. The useful lives of these brands are determined to be indefinite based on the successful and continuing internationalization through the Group's own network of country organizations and third-party distributors and cash flows are expected to continue indefinitely.

The Group further determines the indefinite useful lives on the following significant factors:

- The brand's indefinite life assessment is based on the business fundamentals, industry and underlying products with a track record of stability and high barrier to market entry. Management is strongly committed to continue to invest for the long term to extend the period over which the brands will contribute to the Group's profitable revenue
- There are no indications of any commercial obsolescence of the brands. The recognition of these brands has increased permanently since the acquisition date
- There are no indications of declining market demand in the respective industry

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries, or other available fair value indicators.

Impairment losses of continuing operations are recognized in the income statement in the expense categories consistent with the function of the impaired asset. For assets excluding goodwill and intangible assets with indefinite life, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If there is such an indication, the Group makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Goodwill and intangible assets with indefinite life are tested annually for impairment or whenever there are impairment indicators. Impairment is determined by assessing the recoverable amount of the cash-generating units to which the goodwill and intangible assets with indefinite life relate. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill and intangible assets with indefinite life on 30 November.

FINANCIAL ASSETS

The Group recognizes a financial asset on the trade date at which it becomes a party to the contractual obligations of the instrument. Financial assets are initially measured at fair value. Acquisition-related costs are to be included, unless the financial asset is measured at fair value in subsequent periods. The Group subsequently measures financial assets at either amortized cost or fair value.

The Group has the following categories of financial assets:

FINANCIAL ASSETS MEASURED AT AMORTIZED COST

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets other than those classified as measured at amortized cost are subsequently measured at fair value with all changes in fair value recognized in profit or loss.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OCI

For investments in equity instruments that are not held for trading, the Group elected at initial recognition to present gains and losses in other comprehensive income. Gains and losses are never reclassified to the income statement and no impairments are recognized in profit or loss. Dividends earned from such investments are recognized in the income statement unless the dividend clearly represents a repayment of part of the cost of the investment.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. In the case of financial instruments for which there is no active market, fair value is determined using valuation techniques such as recent arm's length market transactions, the current market value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are measured at amortized cost using the effective interest method less any impairment losses. Non-interest receivables are discounted by applying rates that match their maturity upon first-time recognition. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date, the Group assesses whether a financial asset or group of financial assets is impaired.

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. A provision matrix is established that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

INVENTORIES

Inventories are valued at the lower of cost or net realizable value. Raw material costs are determined by using the weighted average cost method. The cost of finished goods and work in progress comprises direct materials and labor and a proportion of manufacturing overhead, valued at standard cost. Standard costs are regularly reviewed and, if necessary, revised to reflect current conditions.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Work in progress and finished goods are valued at manufacturing cost, including the cost of materials, labor and production overheads. Inventory write-downs are recorded in the case of slow-moving or obsolete stock.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of short-term bank overdrafts.

PUT OPTIONS TO NON-CONTROLLING INTERESTS

It is common practice for the Group to write put options and acquire call options in connection with the remaining shares held by the non-controlling shareholders mainly as part of a business combination. If the Group has acquired a present ownership interest as part of a business combination, the present value of the redemption amount of the put option is recognized as a financial liability with any excess over the carrying amount of the non-controlling interest recognized as goodwill. In such a case, the non-controlling interest is deemed to have been acquired at the acquisition date and therefore any excess arising should follow the accounting treatment as in a business combination. All subsequent changes in the redemption value of the financial liability are recognized in the income statement and no earnings are attributed to the non-controlling interest.

However, where the Group has not acquired a present ownership interest as part of a business combination, the non-controlling interest continues to receive an allocation of profit or loss and is reclassified as a financial liability at each reporting date as if the acquisition took place at that date. Any excess over the reclassified carrying amount of the non-controlling interest and all subsequent changes in the redemption value of the financial liability are recognized directly in retained earnings.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

FINANCIAL LIABILITIES

INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs and have not been designated as at fair value through profit or loss. After initial recognition, interest-bearing loans and borrowings are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include financial liabilities held for trading as well as financial liabilities designated upon initial recognition as at fair value through profit or loss.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its risks associated with fluctuations in interest rates and foreign currencies. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivative instruments that do not qualify for hedge accounting are classified as financial assets at fair value through profit or loss (if positive), or as financial liabilities at fair value through profit or loss (if negative). Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges – when hedging the exposure to changes in the fair value of a recognized asset, or liability, or an unrecognized firm commitment (except for foreign currency risk)
- cash flow hedges – when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting, the risk management objective and the strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement, net of any reimbursement. If the effect of the time-value of money is material, provisions are discounted. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

EMPLOYEE BENEFITS

PENSION OBLIGATIONS

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in the income statement.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

SHORT-TERM EMPLOYEE BENEFITS – BONUSES

As part of the annual compensation, most employees receive a bonus which depends on the course of business. The individual bonus is calculated by multiplying an individual base amount with a mix of financial, functional and individual target achievements which varies by hierarchical level and function. The bonus is usually settled in cash during the first quarter of the subsequent year.

The Group recognizes a liability and an expense for these bonuses based on calculations which adequately consider all these parameters.

SHARE-BASED COMPENSATION

The Board of Directors, Executive and Senior Management receive part of their remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is measured with reference to the fair value at the date on which they are granted. The fair value is determined either based on observable market prices or by external valuation experts using an appropriate pricing model, further details of which are given in Note 8.3.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the Board of Directors, Executive and Senior Management become fully entitled to the award (the vesting date).

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest. Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date of grant, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding performance share units (PSUs) is reflected as additional share dilution in the computation of earnings per share (Note 3.2).

Selected employees have the right to buy Straumann shares. The difference between the fair value at grant and the cash consideration paid by the employees is immediately recognized as personnel expense.

GOVERNMENT GRANTS

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as other income on a systematic basis over the periods that the related costs for which it is intended to compensate are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual installments.

REVENUE RECOGNITION

Revenues on the sale of the Group's products and services are recognized when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods and services to the customer.

Revenues generated with implant and restorative solutions are generally recognized at the point in time of shipment to, or receipt by, the customer, or when the services are performed. Revenues stemming from complex and prolonged orthodontic treatments, mainly derived from the sales of aligners, are recognized over time. The Group measures and allocates revenues in line with the expected treatment duration and considers a variety of factors such as historical sales, costs and gross margin, which may vary over time depending upon the unique facts and circumstances related to each performance obligation in making these estimates.

The amount of revenue to be recognized is based on the consideration the Group expects to receive in exchange for its goods and services. If products are sold with a right of return and future returns can be reasonably estimated, a refund liability (included in trade and other payables) and a right of return asset (included in trade and other receivables) are recognized. In doing so, the estimated rate of return is applied, determined based on historical experience of customer returns and considering any other relevant factors. This is applied to the amounts invoiced, also considering the amount of returned products to be destroyed versus products that can be placed back in inventory for resale. The Group's obligation to provide a refund for faulty products under the warranty terms is recognized as a provision.

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from contracts with customers in the geographical regions disclosed in Note 3.1.

RELATED PARTIES

A party is related to an entity if the party directly or indirectly controls, is controlled by or is under common control with the entity; or if it has an interest in the entity that gives it significant influence over the entity; or if it has joint control over the entity or is an associate or a joint venture of the entity. In addition, members and dependents of the Key Management Personnel of the entity (Board of Directors and Executive Management Board) are also considered related parties.

TAXES

CURRENT INCOME TAX

Current income tax assets and liabilities for the current and prior periods represents the best estimate of the tax amount expected to be paid or received and reflects uncertainty related to income taxes, if any. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

DEFERRED INCOME TAX

Deferred income tax is determined using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect to taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future

Deferred income tax assets are recognized for all deductible temporary differences and carry-forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forwards of unused tax credits and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect to deductible temporary differences associated with investments in subsidiaries and associates. Deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the deferred income tax assets can be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply for the year in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set current income tax assets off against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

SALES TAXES

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item
- in the case of receivables and payables that are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2 INVESTMENTS

2.1 BUSINESS COMBINATIONS

TRANSACTIONS IN 2021

In 2021 the Group conducted three business combinations:

- Medical Technologies 21 LLC
- Smilink Serviços Ortodônticos Ltda.
- Straumann Group Jordan PSC

These business combinations had no material impact on the Group's revenues or net profit, neither from the acquisition date, nor when considering an inclusion of these acquisitions as of 1 January 2021.

The combined fair values of the identifiable assets and liabilities at the respective business combination dates are as follows:

(in CHF 1 000)	2021
Assets	
Property, plant and equipment	908
Right-of-use assets	38
Intangible assets:	
Customer relationships	2 773
Other intangible assets	22
Inventories	2 331
Trade and other receivables	1 497
Cash and cash equivalents	668
Total assets	8 237
Liabilities	
Financial liabilities	359
Deferred income tax liabilities	555
Provisions and other long term liabilities	273
Trade and other payables	6 498
Total liabilities	7 685
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	552
Goodwill	13 090
Consideration	13 642
Satisfied in cash	5 421
Contingent consideration	8 221
Consideration	13 642
Cash flow	
Net cash acquired	668
Cash paid	(5 421)
NET CASH FLOW	(4 753)

At the date of the business combination, the fair values of trade receivables amounted to CHF 1.0 million. The fair values did not materially differ from the contractual gross amounts. Contingent consideration payments depend on the performance of the acquired businesses. At the balance-sheet date, the fair value of these financial liabilities collectively amounted to CHF 8.3 million.

TRANSACTIONS IN 2020

DRSMILE

On 11 August 2020, Straumann acquired a 74.9% stake in SmileCo GmbH ('DrSmile'). Based on a call and put option agreement, the Group obtained the remaining shares on 1 September 2021.

Based in Berlin, Germany, DrSmile is a fast-growing provider of orthodontic treatment solutions in Europe. The company combines direct-to-consumer marketing expertise with doctor-led treatment and complements Straumann's existing clear aligner business. DrSmile has built up a network of partner practices across Germany and has also started to expand internationally in Austria and Spain.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

The fair value of intangible assets related to brand is determined using a relief-from-royalty method. The fair value of the intangible assets related to the distribution network is determined using an excess earning method. The methods are based on management business plans, observable market data for risk-adjusted discount rates, tax rates and foreign exchange rates. Goodwill, which is not deductible for tax purposes, comprises intangible assets that are not separable such as expected synergy effects and employee know-how.

From the acquisition date DrSmile contributed revenues of CHF 18.7 million, with no material impact on net profit. If DrSmile had been included as of 1 January 2020, management estimates the impact on consolidated revenues and consolidated net income for the twelve months ended 31 December 2020 would have been CHF 39.7 million and no material impact on net profit.

ARTIS BIO TECH

Besides DrSmile, the Group conducted the business combination of Artis Bio Tech, a Romanian distributor of dental implant systems. This business combination had no material impact on the Group's revenues or net profit, neither from the acquisition date, nor when considering an inclusion of the acquisition as of 1 January 2020.

The fair values of the identifiable assets and liabilities at the respective business combination dates are as follows:

(in CHF 1 000)	DrSmile	Artis Bio Tech
Assets		
Property, plant and equipment	530	128
Right-of-use assets	12 395	0
Intangible assets:		
Brand	38 036	1 055
Distribution relationships	13 878	0
Customer relationships	0	3 162
Other intangible assets	5	0
Deferred tax assets	25	0
Inventories	0	16
Trade and other receivables	5 023	102
Financial assets	106	0
Cash and cash equivalents	18 534	19
Total assets	88 533	4 482
Liabilities		
Financial liabilities	17 460	61
Deferred income tax liabilities	15 575	0
Trade and other payables	6 299	6
Total liabilities	39 334	67
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	49 199	4 415
Goodwill	82 977	3 907
Consideration	132 176	8 322
Satisfied in cash	55 858	5 277
Contingent consideration	76 318	3 045
Consideration	132 176	8 322
Cash flow		
Net cash acquired	18 534	19
Cash paid	(55 858)	(5 277)
NET CASH FLOW	(37 324)	(5 258)

At the date of the business combination, the fair values of trade receivables amounted to CHF 0.5 million from DrSmile and CHF 0.1 million from Artis Bio Tech. The fair values did not materially differ from the contractual gross amounts. Contingent consideration payments depend on the performance of both acquired businesses. As at 31 December 2020, the fair value of these financial liabilities collectively amounted to CHF 80.5 million.

2.2 INVESTMENTS IN ASSOCIATES

The Group has investments which are accounted for as associated companies. From a Group perspective, the associates botiss medical AG, Berlin, Germany and Rapid Shape GmbH, Heimsheim, Germany are material at the reporting date.

(in CHF 1 000)	2021		2020	
	Balance sheet value	Net income statement effect	Balance sheet value	Net income statement effect
botiss medical AG, Germany	38 874	789	41 556	957
Rapid Shape GmbH, Germany	20 460	803	20 638	(157)
Others	38 848	4 467	30 468	(2 388)
TOTAL	98 183	6 059	92 662	(1 588)

BOTISS MEDICAL AG

botiss medical AG is a leading international supplier of oral tissue regeneration products. It is a private entity that is not listed on any public exchange. The Group has an interest of 30% in the entity. Management has assessed the level of influence that the Group has on botiss medical AG and determined that it has significant influence and therefore applies the equity method of accounting.

RAPID SHAPE GMBH

Rapid Shape GmbH specializes in the development and manufacture of high-end 3D-printing systems for additive manufacturing. It is a private entity that is not listed on any public exchange. The Group has an interest of 35% in the entity. Management has assessed the level of influence that the Group has on Rapid Shape GmbH and determined that it has significant influence and therefore applies the equity method of accounting.

The tables below provide summarized financial information for botiss medical AG and Rapid Shape GmbH. The information disclosed reflects the amounts presented in the financial statements of these companies and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

(in CHF 1 000)	2021		2020	
	botiss medical AG	Rapid Shape GmbH	botiss medical AG	Rapid Shape GmbH
Current assets	20 248	19 153	18 831	6 088
Non-current assets	38 522	10 109	44 133	11 619
Current liabilities	(11 043)	(13 441)	(9 792)	(2 791)
Non-current liabilities	(9 131)	(2 946)	(10 009)	(3 724)
Net assets	38 595	12 876	43 163	11 193
RECONCILIATION TO CARRYING AMOUNT				
Opening net assets	43 163	11 193	42 877	11 667
Result for the period	2 629	2 296	3 190	(447)
Other comprehensive income	67	0	(145)	0
Dividends declared	(5 172)	0	(2 712)	0
Currency translation adjustments	(2 093)	(612)	(48)	(27)
Closing net assets at 31 December	38 595	12 876	43 163	11 193
Group's share in %	30.0	35.0	30.0	35.0
Group's share in CHF	11 579	4 507	12 949	3 917
Goodwill	30 557	17 682	30 557	17 682
Currency translation adjustments on goodwill	(3 261)	(1 729)	(1 950)	(961)
CARRYING AMOUNT	38 874	20 460	41 556	20 638

Summarized comprehensive income statements of botiss medical AG and Rapid Shape GmbH for the period, where the Group has significant influence:

(in CHF 1 000)	2021		2020	
	botiss medical AG	Rapid Shape GmbH	botiss medical AG	Rapid Shape GmbH
Revenue	28 783	23 652	21 784	14 155
Result from continuing operations	2 629	2 296	3 190	(447)
RESULT FOR THE PERIOD	2 629	2 296	3 190	(447)
Other comprehensive income / (loss)	67	0	(145)	0
TOTAL COMPREHENSIVE INCOME / (LOSS)	2 696	2 296	3 045	(447)

OTHER INVESTMENTS

In addition to the investments in botiss medical AG and Rapid Shape GmbH disclosed above, the Group also has investments in other associates that are accounted for using the equity method. Considered individually they are immaterial for the presentation of the Group's financial statements. The Group invested in associated companies in 2021 (MiniNaviDent AG) and in 2020 (Promaton Holding B.V.).

The following table shows aggregated financial information about the other investments in associates:

(in CHF 1 000)	2021	2020
Aggregate carrying amount of individually immaterial associates	38 848	30 468
AGGREGATE AMOUNT OF GROUP'S SHARE OF:		
Result from continuing operations	4 467	(2 388)
RESULT FOR THE PERIOD	4 467	(2 388)
TOTAL COMPREHENSIVE INCOME / (LOSS)	4 467	(2 388)

3 OPERATING PERFORMANCE

3.1 OPERATING SEGMENTS

Operating segments requiring to be reported are determined based on the management approach. Accordingly, external segment reporting reflects the internal organizational and management structure used within the Group as well as the internal financial reporting to the Chief Operating Decision Maker (CODM), which has been identified as the Executive Management Board (EMB). The EMB is responsible for the operational management of the Group, in line with the instructions issued by the Board of Directors. It is also responsible for global strategy and stakeholder management.

The reporting segments are presented in a manner consistent with the internal reporting to the CODM. The centralized headquarter support functions (e.g. finance, information technology, human resources) as well as the functions 'Customer Solutions & Education' and 'Research & Development' are not operating segments, as they do not earn separate revenues. These functions are grouped in the column 'Not allocated items'.

Effective 1 January 2021, the Group created new regional sales organizations to provide the Group's subsidiaries with increased focus and dedicated support as well as to support the Group's growth strategy. The former operating segments 'Sales Europe' and 'Sales Distributor & Emerging Markets EMEA' were replaced with two new operating segments 'Sales Central Eastern Europe, Middle East and Africa' (Sales CEEMEA) and 'Sales Western Europe' (Sales WE).

Comparative information was restated to the structure prevailing at the balance sheet date.

SALES WESTERN EUROPE

'Sales WE' comprises the Group's distribution businesses in Scandinavia, the UK, France, the Benelux countries, Iberia and Italy. The segment further includes the implant-borne prosthetics business of Createch as well as Anthogyr manufacturing plants, a French company that develops and manufactures dental implant systems and CADCAM solutions. It includes segment-related management functions located inside and outside Switzerland.

SALES CENTRAL EASTERN EUROPE, MIDDLE EAST AND AFRICA

'Sales CEEMEA' comprises the Group's distribution businesses mainly in Germany, Switzerland, Austria, Hungary, the Czech Republic, Russia, Turkey, Croatia, Jordan and South Africa, as well as the business with European, African and Middle Eastern distributors. It also includes Medentika's manufacturing plant in Germany, which produces implants and prosthetic components. The segment also incorporates DrSmile, a leading provider of clinician-led clear aligner treatment solutions headquartered in Germany. It includes segment-related management functions located inside and outside Switzerland.

SALES NORTH AMERCIA

'Sales NAM' comprises the Group's distribution businesses in the United States and Canada. It also includes ClearCorrect's clear aligner development and production activities in the United States and the US-based Bay Materials, a company specializing in the design, development and supply of high-performance thermoplastics for orthodontics applications. The segment also incorporates Dental Wing's development and production activities in Canada. It includes segment-related management functions located inside and outside Switzerland.

SALES ASIA PACIFIC

'Sales APAC' comprises the Group's distribution businesses in the Asia pacific region, as well as the business with Asian distributors. It further incorporates the business of T-Plus, a Taiwanese company that develops and manufactures dental-implant systems with distribution channels in Taiwan and China. It includes segment-related management functions located inside and outside Switzerland.

SALES LATIN AMERICA

'Sales LATAM' comprises the Group's distribution businesses in Middle and South America as well as the business with Latin American distributors. It contains Neodent's manufacturing plants in Brazil (which produce implants, biomaterials, CADCAM products and clear aligners). The segment also incorporates Yller Biomateriais, a Brazilian company specialized in developing and manufacturing high-tech materials for 3D-printing and the recently acquired Smilink, a provider of orthodontics solutions in Brazil. It includes segment-related management functions located inside and outside Switzerland.

OPERATIONS

'Operations' acts as the principal towards all distribution businesses of the Group. It includes the principal production sites for implant components and instruments in Switzerland and the United States, the CADCAM milling centers in Germany, Japan and the United States and the production site in Sweden for biomaterials and sterile packed products. The segment also incorporates all corporate logistics functions. It does not include the manufacturing sites of Neodent, Medentika, ClearCorrect, Dental Wings, Createch, T-Plus, Anthogyr, Bay Materials and Yller Biomateriais.

INFORMATION ABOUT PROFIT OR LOSS, ASSETS AND LIABILITIES

2021

(in CHF 1 000)	Sales WE	Sales CEEMEA	Sales NAM	Sales APAC	Sales LATAM	Operations	Not allocated items	Eliminations	Group
Revenue third party	394 417	495 350	613 634	388 800	129 702	0	0		2 021 903
Revenue inter-segment	30 491	89 565	47 387	0	27 409	1 043 038	0	(1 237 890)	0
Total revenue	424 908	584 915	661 021	388 800	157 111	1 043 038	0	(1 237 890)	2 021 903
Depreciation and amortization	(10 851)	(11 376)	(12 255)	(10 764)	(12 742)	(25 005)	(20 213)	0	(103 206)
Impairment	(63)	(2 835)	(2 015)	0	0	(615)	(1 109)	0	(6 637)
Other expenses / income	(412 828)	(500 715)	(633 314)	(383 903)	(134 037)	(295 480)	(140 602)	1 131 398	(1 369 481)
Operating result	1 166	69 989	13 437	(5 867)	10 332	721 938	(161 924)	(106 492)	542 579
Finance income and expense									(71 253)
Share of result of associates									6 059
Income tax expense									(78 099)
NET RESULT									399 286
Segment assets	283 461	494 043	396 672	192 755	312 446	516 045	161 530	(476 867)	1 880 085
Unallocated assets, thereof:									
Cash and cash equivalents									880 423
Deferred income tax assets									75 809
Financial assets									33 537
Investments in associates									98 183
GROUP									2 968 038
Segment liabilities	86 352	189 046	151 917	115 583	58 950	163 304	279 950	(339 601)	705 501
Unallocated liabilities, thereof:									
Deferred income tax liabilities									31 040
Financial liabilities									731 049
GROUP									1 467 590
Addition in non-current assets	4 985	21 871	5 881	7 401	25 887	67 084			133 109

Transfers between the segments are generally executed at adjusted market-based prices, taking into account the higher cost efficiency and lower risk of intragroup transactions.

Transactions between the segments are eliminated in the course of consolidation and the eliminated amounts are shown in 'Eliminations'. The remaining operating profit under 'Eliminations' represents the net change in inter-segment elimination of unrealized profits from the transfer of goods between Group companies.

Addition in non-current assets consists of additions of property, plant and equipment, right-of-use assets and intangible assets.

2020

(in CHF 1 000)	Sales WE[1]	Sales CEEMEA[1]	Sales NAM	Sales APAC	Sales LATAM	Operations	Not allocated items	Eliminations	Group
Revenue third party	295 415	319 665	440 226	280 364	90 181	0	0		1 425 851
Revenue inter-segment	23 063	57 493	14 168	0	31 275	722 463	0	(848 462)	0
Total revenue	318 478	377 158	454 394	280 364	121 456	722 463	0	(848 462)	1 425 851
Depreciation and amortization	(10 038)	(9 248)	(13 191)	(10 692)	(12 122)	(23 945)	(20 231)	0	(99 467)
Impairment	(21 634)	(5 453)	(92 181)	(23 924)	(6 783)	0	0	0	(149 975)
Other expenses / income	(256 195)	(348 550)	(431 875)	(274 722)	(97 524)	(265 005)	(168 493)	822 496	(1 019 868)
Operating result	30 611	13 907	(82 853)	(28 974)	5 027	433 513	(188 724)	(25 966)	156 541
Finance income and expense									(41 045)
Share of result of associates									(1 588)
Income tax expense									(21 640)
NET RESULT									92 268
Segment assets	287 350	454 238	315 681	149 222	275 297	483 603	88 610	(326 550)	1 727 451
Unallocated assets, thereof:									
Cash and cash equivalents									632 201
Deferred income tax assets									68 990
Financial assets									27 309
Investments in associates									92 662
GROUP									2 548 613
Segment liabilities	98 946	97 772	87 639	70 420	27 620	124 345	226 210	(195 767)	537 185
Unallocated liabilities, thereof:									
Deferred income tax liabilities									43 228
Financial liabilities									758 257
GROUP									1 338 670
Addition in non-current assets	6 446	11 360	6 005	7 610	9 751	52 446			93 618

1 Restated to conform to the 2021 segment reporting format

NON-CURRENT ASSETS BY LOCATION

(in CHF 1 000)	2021	2020
Switzerland	260 654	246 154
Germany	333 541	348 596
United States of America	266 324	253 683
Brazil	185 050	172 636
Other	270 372	271 009
GROUP	1 315 941	1 292 078

Non-current assets include property, plant and equipment, right-of-use assets, investments in associates and intangible assets.

REVENUES WITH EXTERNAL PARTIES

(in CHF 1 000)	2021	2020
BY PRODUCT CATEGORY		
Implant solutions	1 089 759	775 998
Restorative solutions	498 365	383 795
Other	433 779	266 058
GROUP	2 021 903	1 425 851
BY LOCATION OF CUSTOMER		
Switzerland	39 101	31 420
United States of America	516 875	396 302
Germany	259 045	192 075
China	243 278	158 074
France	104 054	72 108
Brazil	96 688	73 780
Japan	95 917	81 291
Other	666 945	420 801
GROUP	2 021 903	1 425 851

- The product category Implant solutions comprises primarily implants and related instruments
- The product category Restorative solutions comprises abutments and related parts as well as milling elements
- Other comprises scanner hardware, software licenses, orthodontics, biomaterials, customer training and other miscellaneous products

Revenues are allocated to countries based on the location of customers. The Group has a diverse and geographically widely spread customer base. No single customer accounts for 10% or more of total Group revenues.

3.2 EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of Straumann Holding AG by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

	2021	2020
Net profit attributable to shareholders (in CHF 1 000)	396 079	91 282
Weighted average number of ordinary shares outstanding	15 906 773	15 883 102
BASIC EARNINGS PER SHARE (IN CHF)	24.90	5.75

DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of Straumann Holding AG by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential of outstanding equity instruments into ordinary shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the Performance Share Units.

	2021	2020
Net profit used to determine diluted earnings per share (in CHF 1 000)	396 079	91 282
Weighted average number of ordinary shares outstanding	15 906 773	15 883 102
Adjustments for instruments issued	52 454	41 728
Weighted average number of ordinary shares for diluted earnings per share	15 959 227	15 924 830
DILUTED EARNINGS PER SHARE (IN CHF)	24.82	5.73

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

3.3 OTHER INCOME

(in CHF 1 000)	2021	2020
Rental income	1 415	1 521
Insurance reimbursements	765	274
Government grants	493	13 898
Other	3 399	3 071
TOTAL OTHER INCOME	6 072	18 764

As a response to the COVID-19 global pandemic, governments around the world have implemented measures to help businesses and economies to withstand the negative impacts of the COVID-19 crisis. Mainly related to short-time working subsidies in various countries, the Group was awarded government grants of CHF 13.9 million in 2020. No material grants were awarded in 2021.

4 TANGIBLE AND INTANGIBLE ASSETS

4.1 PROPERTY, PLANT AND EQUIPMENT

2021

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other	Total
COST					
At 1 January	20 880	201 544	337 166	138 223	697 813
Change in consolidation scope - additions (Note 2.1)	0	114	388	406	908
Additions	377	25 980	45 659	33 112	105 128
Disposals	(399)	(1 718)	(17 601)	(19 443)	(39 161)
Currency translation adjustments	(280)	(1 266)	(2 370)	(1 978)	(5 894)
At 31 December	20 578	224 654	363 242	150 319	758 794
ACCUMULATED DEPRECIATION					
At 1 January	0	(98 576)	(182 516)	(103 174)	(384 266)
Depreciation charge (Note 4.5)	(399)	(8 671)	(25 825)	(16 243)	(51 137)
Impairment (Note 4.5)		(12)	(3 439)	(944)	(4 396)
Disposals	399	1 620	15 934	18 990	36 942
Currency translation adjustments	(104)	305	467	942	1 609
At 31 December	(104)	(105 334)	(195 380)	(100 429)	(401 248)
NET BOOK VALUE	20 474	119 320	167 862	49 890	357 546

2020

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other	Total
COST					
At 1 January	20 190	183 129	341 120	136 711	681 150
Change in consolidation scope - additions (Note 2.1)	0	128	0	530	658
Additions	4 941	25 955	24 677	15 269	70 842
Disposals	0	(836)	(6 150)	(4 429)	(11 414)
Change in consolidation scope - disposals	0	(98)	(942)	(76)	(1 116)
Currency translation adjustments	(4 251)	(6 735)	(21 539)	(9 781)	(42 306)
At 31 December	20 880	201 544	337 166	138 223	697 813
ACCUMULATED DEPRECIATION					
At 1 January	0	(93 154)	(166 710)	(96 121)	(355 985)
Depreciation charge (Note 4.5)	0	(6 939)	(23 541)	(14 031)	(44 511)
Impairment (Note 4.5)	0	(539)	(4 937)	(72)	(5 549)
Disposals	0	328	5 194	3 148	8 670
Change in consolidation scope - disposals	0	74	221	49	343
Currency translation adjustments	0	1 654	7 257	3 853	12 765
At 31 December	0	(98 576)	(182 516)	(103 174)	(384 266)
NET BOOK VALUE	20 880	102 968	154 650	35 049	313 547

Repair and maintenance expenses for property, plant and equipment for the business year 2021 amounted to CHF 11.5 million (2020: CHF 9.5 million).

4.2 RIGHT-OF-USE ASSETS

2021

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other	Total
COST					
At 1 January	0	255 752	3 638	20 577	279 967
Change in consolidation scope – additions (Note 2.1)	0	38	0	0	38
Additions	3 175	18 525	0	5 579	27 278
Disposals	0	(11 322)	(972)	(4 783)	(17 077)
Currency translation adjustments	47	(3 322)	18	(1 253)	(4 509)
At 31 December	3 222	259 671	2 684	20 120	285 697
ACCUMULATED DEPRECIATION					
At 1 January	0	(34 283)	(1 713)	(8 388)	(44 384)
Depreciation charge (Note 4.5)	0	(21 664)	(781)	(6 068)	(28 513)
Disposals	0	2 388	970	4 239	7 597
Currency translation adjustments	0	317	10	600	927
At 31 December	0	(53 243)	(1 514)	(9 616)	(64 373)
NET BOOK VALUE	3 222	206 428	1 169	10 504	221 324

2020

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other	Total
COST					
At 1 January		252 623	4 247	15 768	272 638
Change in consolidation scope – additions (Note 2.1)		9 379	0	3 015	12 395
Additions		13 747	13	6 375	20 136
Disposals		(9 207)	(433)	(3 834)	(13 475)
Change in consolidation scope – disposals		(226)	0	0	(226)
Currency translation adjustments		(10 565)	(189)	(747)	(11 501)
At 31 December		255 752	3 638	20 577	279 967
ACCUMULATED DEPRECIATION					
At 1 January		(16 756)	(866)	(4 433)	(22 054)
Depreciation charge (Note 4.5)		(20 174)	(1 150)	(5 916)	(27 240)
Disposals		1 586	245	1 754	3 586
Change in consolidation scope – disposals		144	0	0	144
Currency translation adjustments		916	58	207	1 181
At 31 December		(34 283)	(1 713)	(8 388)	(44 384)
NET BOOK VALUE		221 469	1 925	12 189	235 584

Beside the lease contracts recognized as right-of-use assets, the Group has entered into lease contracts with terms of 12 months or less and leases of low value. In 2021, the Group recognized expenses of CHF 6.9 million related to short-term leases (2020: CHF 3.1 million) and CHF 1.4 million related to low value leases (2020: CHF 1.9 million).

The Group recognized a total cash outflow for leases of CHF 36.8 million in 2021 (2020: CHF 31.5 million). The maturity analysis of lease liabilities is disclosed in Note 9.2.

4.3 INTANGIBLE ASSETS

2021

(in CHF 1 000)	Goodwill	Brands	Customer & distribution relation-ships	Technology	Other intangibles	Total
COST						
At 1 January	634 471	146 161	173 759	75 547	113 591	1 143 529
Change in consolidation scope – additions (Note 2.1)	13 090	0	2 773	0	22	15 885
Additions	0	0	0	0	15 842	15 842
Disposals	(2 206)	(199)	(445)	0	(5 980)	(8 829)
Currency translation adjustments	(16 665)	(3 194)	(8 914)	1 755	(226)	(27 244)
At 31 December	628 689	142 768	167 173	77 302	123 250	1 139 182
ACCUMULATED AMORTIZATION AND IMPAIRMENT						
At 1 January	(210 213)	(10 120)	(128 666)	(59 227)	(85 018)	(493 243)
Amortization charge (Note 4.5)		(190)	(7 662)	(3 529)	(12 175)	(23 556)
Impairment (Note 4.5)					(2 241)	(2 241)
Disposals	2 206	199	445		5 351	8 200
Currency translation adjustments	4 668	51	7 107	(1 430)	149	10 545
At 31 December	(203 339)	(10 060)	(128 776)	(64 186)	(93 934)	(500 295)
NET BOOK VALUE	425 350	132 708	38 397	13 116	29 315	638 887

2020

(in CHF 1 000)	Goodwill	Brands	Customer & distribution relation-ships	Technology	Other intangibles	Total
COST						
At 1 January	599 224	124 073	169 439	78 570	111 366	1 082 672
Change in consolidation scope – additions (Note 2.1)	86 884	39 091	17 040	0	5	143 019
Additions	0	0	361	1 342	9 524	11 227
Disposals	0	0	0	0	(2 669)	(2 669)
Currency translation adjustments	(51 637)	(17 002)	(13 081)	(4 365)	(4 635)	(90 720)
At 31 December	634 471	146 161	173 759	75 547	113 591	1 143 529
ACCUMULATED AMORTIZATION AND IMPAIRMENT						
At 1 January	(114 596)	(1 460)	(120 109)	(29 551)	(74 116)	(339 831)
Amortization charge (Note 4.5)		(200)	(7 371)	(5 008)	(15 137)	(27 716)
Impairment (Note 4.5)	(97 547)	(8 615)	(12 314)	(25 950)	0	(144 426)
Disposals					2 669	2 669
Currency translation adjustments	1 930	154	11 128	1 282	1 567	16 061
At 31 December	(210 213)	(10 120)	(128 666)	(59 227)	(85 018)	(493 243)
NET BOOK VALUE	424 258	136 041	45 093	16 320	28 573	650 285

Other intangibles include mainly software, development costs and distribution rights.

In 2021, the Group spent CHF 96.0 million (2020: CHF 97.6 million) for research and development. The amount is included in 'Administrative expense' in the consolidated income statement.

4.4 IMPAIRMENT TEST FOR NON-FINANCIAL ASSETS

ANNUAL IMPAIRMENT TEST FOR GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

Goodwill and indefinite life intangible assets are allocated to cash-generating units (CGU) for the purpose of impairment testing. A summary of goodwill and indefinite life intangibles allocation per CGU is presented below:

(in CHF 1 000)	2021		2020	
	Goodwill	Brand with indefinite life	Goodwill	Brand with indefinite life
ClearCorrect Business	100 132	31 238	97 256	30 120
DrSmile Business	79 745	36 555	83 579	38 312
Neodent Business	64 278	30 872	66 489	31 934
Global Premium Implant Business	62 912	0	62 824	0
Medentika Business	40 295	18 227	42 232	19 104
Anthogyr Business	23 785	12 439	24 929	13 037
Other	54 202	0	46 949	0
TOTAL	425 350	129 331	424 258	132 507

CLEARCORRECT BUSINESS

The CGU ClearCorrect Business (which is part of the operating segment Sales NAM) contains the manufacturing plant and the related sales activities for ClearCorrect products. The goodwill and the ClearCorrect brand have been recognized as part of the acquisition of ClearCorrect in 2017.

DRSMILE BUSINESS

The CGU DrSmile Business (which is part of the operating segment Sales CEEMEA) contains the orthodontics business of DrSmile in the European market. The goodwill and the DrSmile brand have been recognized as part of the acquisition of DrSmile in 2020.

NEODENT BUSINESS

The CGU Neodent Business (which is part of the operating segment Sales LATAM) contains the manufacturing plant for Neodent products, the related sales activities in the Brazilian market and the export business towards the Group's distribution principal and to third party distributors. Both the goodwill and the Neodent brand have been recognized as part of the acquisition of Neodent in 2015.

GLOBAL PREMIUM IMPLANT BUSINESS

The CGU Global Premium Implant Business (which is part of the operating segment Operations) is the principal towards all distribution businesses of the Group for premium implant and restorative solutions and contains the goodwill allocated to the principal recognized in acquisitions of companies distributing such products on local markets.

MEDENTIKA BUSINESS

The CGU Medentika Business (which is part of the operating segment Sales CEEMEA) contains the manufacturing plant for Medentika products, the related sales activities in the German market and the export business towards the Group's distribution principal and to third party distributors. Both the goodwill and the Medentika brand have been recognized as part of the acquisition of Medentika in 2017.

ANTHOGYR BUSINESS

The CGU Anthogyr Business (which is part of the operating segment Sales WE) contains the manufacturing plant for Anthogyr products, the related sales activities in the European market as well as the export business towards the Group's distribution principal and to third party distributors. Both the goodwill and the Anthogyr brand have been recognized as part of the acquisition of Anthogyr in 2019.

Goodwill and indefinite life intangibles have been tested for impairment. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the dental implant, restoration and orthodontics sector.

Key assumptions for the most material CGUs are as follows:

(in %)	2021	2020
CLEARCORRECT BUSINESS		
Gross profit margin of the CGU[1]	67.0	65.6
Terminal growth rate[2]	1.5	1.5
Weighted average cost of capital (WACC)[3]	13.2	13.6
DRSMILE BUSINESS		
Gross profit margin of the CGU[1]	80.0	78.0
Terminal growth rate[2]	1.5	0.9
Weighted average cost of capital (WACC)[3]	16.0	19.0
NEODENT BUSINESS		
Gross profit margin of the CGU[1]	72.2	71.6
Terminal growth rate[2]	3.5	4.5
Weighted average cost of capital (WACC)[3]	13.2	15.1
GLOBAL PREMIUM IMPLANT BUSINESS		
Gross profit margin of the CGU[1]	77.7	65.1
Terminal growth rate[2]	1.5	1.5
Weighted average cost of capital (WACC)[3]	7.0	8.9
MEDENTIKA BUSINESS		
Gross profit margin of the CGU[1]	59.3	61.0
Terminal growth rate[2]	1.5	1.5
Weighted average cost of capital (WACC)[3]	11.5	10.2
ANTHOGYR BUSINESS		
Gross profit margin of the CGU[1]	47.0	51.8
Terminal growth rate[2]	1.5	1.5
Weighted average cost of capital (WACC)[3]	12.0	10.5

1 Budgeted gross profit margin
2 Used for calculating the terminal value
3 Pre-tax discount rate applied to the cash flow projections

Gross profit margin was determined by Management based on past performance and its expectations for market development. The WACCs used are pre-tax and reflect specific risks relating to the relevant CGUs. The Group believes that no changes in key assumptions which can rationally be expected would cause the carrying amount of any CGU to exceed its recoverable amount.

Based on the impairment tests conducted, no impairments or impairment reversals were recognized in both periods under review, except for the below:

2021 IMPAIRMENTS

In 2021, a total of CHF 6.6 million of impairment charges have been recognized, thereof CHF 4.4 million ‘property, plant and equipment’ and CHF 2.2 million ‘intangible assets’. The impairment charges are mainly related to the discontinuation of usage of machinery and software.

2020 IMPAIRMENTS

Based on the expected economic consequences of the COVID-19 pandemic, the Group conducted a risk assessment for each cash-generating unit (CGU) to identify whether the pandemic may trigger impairment testing. The analysis concluded that a number of CGUs had to be tested for impairment and consequentially the Group conducted value-in-use calculations on 30 April 2020. In the CGUs disclosed below, the carrying amount exceeded the recoverable amount. As a result, the Group recognized impairment charges totaling CHF 150.0 million.

A summary of the 2020 impairment charges by CGU and Asset is presented below:

(in CHF 1 000)	Asset	Cost of goods sold	Distribution expense	Administrative expense	Total
Other – Dental Wings Business	Goodwill			52 591	52 591
	Customer relationships		2 144		2 144
	Technology			24 731	24 731
	Brand			4 185	4 185
	Total		2 144	81 507	83 651
Other – Implant Business India	Goodwill			13 731	13 731
	Customer relationships		2 662		2 662
	Brand			867	867
	Property, plant and equipment	1 268			1 268
	Total	1 268	2 662	14 598	18 528
Other – Createch	Goodwill			9 287	9 287
	Technology			1 219	1 219
	Brand			2 623	2 623
	Total			13 129	13 129
Other – Implant Business Iberia	Goodwill			5 811	5 811
	Customer relationships		2 694		2 694
	Total		2 694	5 811	8 505
Other – various CGU's	Goodwill			16 128	16 128
	Customer relationships		4 815		4 815
	Brand			939	939
	Property, plant and equipment	4 281			4 281
	Total	4 281	4 815	17 066	26 162
Total	Goodwill			97 547	97 547
	Customer relationships		12 314		12 314
	Technology			25 950	25 950
	Brand			8 615	8 615
	Property, plant and equipment	5 549			5 549
TOTAL		5 549	12 314	132 112	149 975

With the exception of the CGU Implant Business India the impairment charges are mainly caused by a material downward reassessment of the market growth perspectives over the coming two to five years as a consequence of reduced consumer confidence and hampered economic development as a result of the COVID-19 pandemic. The impairment recognized on the Implant Business India CGU is due to the discontinuation of the Equinox sales and manufacturing activities and a reduced sales growth rate forecast for the remaining product brands.

ASSUMPTIONS FOR VALUE-IN-USE CALCULATIONS

The key assumptions used for the value-in-use calculations are as follows:

(in %)	Apr 2020
OTHER – DENTAL WINGS BUSINESS	
Gross profit margin of the CGU[1]	57.1
Terminal growth rate[2]	2.0
Weighted average cost of capital (WACC)[3]	16.0
OTHER – IMPLANT BUSINESS INDIA	
Gross profit margin of the CGU[1]	32.0
Terminal growth rate[2]	3.8
Weighted average cost of capital (WACC)[3]	17.6
OTHER – CREATECH	
Gross profit margin of the CGU[1]	31.1
Terminal growth rate[2]	2.0
Weighted average cost of capital (WACC)[3]	12.6
OTHER – IMPLANT BUSINESS IBERIA	
Gross profit margin of the CGU[1]	70.0
Terminal growth rate[2]	2.0
Weighted average cost of capital (WACC)[3]	16.2

1 Budgeted gross profit margin
2 Used for calculating the terminal value
3 Pre-tax discount rate applied to the cash flow projections

4.5 DEPRECIATION AND AMORTIZATION

(in CHF 1 000)	2021	2020
Depreciation of property, plant and equipment	(51 137)	(44 511)
Depreciation of right-of-use assets	(28 513)	(27 240)
Amortization of intangible assets	(23 556)	(27 716)
Impairment of property, plant and equipment	(4 396)	(5 549)
Impairment of intangible assets	(2 241)	(144 426)
TOTAL DEPRECIATION AND AMORTIZATION	(109 843)	(249 442)

5 NET WORKING CAPITAL

5.1 INVENTORIES

(in CHF 1 000)	2021	2020
Raw materials and supplies	39 424	38 107
Work in progress	67 896	57 515
Finished goods	141 907	120 947
TOTAL INVENTORIES	249 227	216 570
Inventories recognized as an expense in cost of goods sold	(429 739)	(317 172)
Obsolete inventories written down and recognized as an expense	(5 585)	(5 146)

5.2 TRADE AND OTHER RECEIVABLES

(in CHF 1 000)	2021	2020
Trade receivables, net	287 269	236 027
Other receivables, thereof:	93 338	58 523
Sales related	49 628	26 644
VAT and other non-income taxes	34 703	25 442
Salary and social security prepayments	3 430	752
Cash deposits	2 554	2 098
Right of return asset	1 032	1 001
Prepaid rent	711	1 257
Government grants	443	619
Interest	203	59
Other	633	652
TOTAL TRADE AND OTHER RECEIVABLES	380 607	294 550
thereof: Other financial assets as defined by IFRS 7	52 385	29 297
thereof:		
CHF	17 184	12 127
EUR	110 991	83 385
USD	67 767	57 306
CNY	49 823	28 257
BRL	47 545	36 052
TRY	18 064	26 047
GBP	8 783	7 729
RUB	8 108	2 803
CAD	7 524	6 054
Other	44 819	34 790

Trade receivables are non-interest bearing. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers who are dispersed internationally.

Movements in the provision for impairment of trade receivables were as follows:

(in CHF 1 000)	2021	2020
At 1 January	(32 996)	(24 286)
Charge for the year	(5 228)	(14 833)
Utilized	1 440	3 700
Unused amounts reversed	6 098	807
Currency translation adjustments	599	1 616
AT 31 DECEMBER	(30 087)	(32 996)

The provision for impairment is continuously reassessed which led to a partial reversal of the provision in 2021. The charge for the year in 2020 is mainly related to increased default risks due to the market conditions as well as the business expansion.

There is no provision on other receivables.

The analysis of overdue trade receivables is as follows:

(in CHF 1 000)	2021		2020	
	Gross	Allowance	Gross	Allowance
Not past due	237 606	(2 393)	196 033	(1 475)
Past due, thereof:	79 750	(27 694)	72 990	(31 520)
< 30 days	27 825	(880)	19 339	(158)
31–60 days	12 785	(731)	8 267	(419)
61–90 days	8 215	(1 585)	6 252	(1 069)
91–120 days	4 290	(1 791)	5 129	(1 946)
> 120 days	26 636	(22 706)	34 003	(27 928)
TOTAL	317 356	(30 087)	269 023	(32 996)

5.3 CASH AND CASH EQUIVALENTS

(in CHF 1 000)	2021	2020
Cash at banks and on hand, thereof:	743 669	508 713
CHF	550 788	359 418
EUR	91 699	69 977
USD	36 493	25 004
CNY	20 533	20 325
JPY	8 476	5 625
CAD	3 750	2 002
SEK	3 516	4 687
RUB	2 976	1 960
SGD	1 444	1 188
IRR	6 574	1 801
Other	17 419	16 725
Short-term bank deposits, thereof:	136 754	123 488
CHF	70 000	60 000
BRL	9 674	18 578
USD	50 369	39 775
TRY	2 836	2 717
GBP	1 414	1 423
Other	2 461	995
TOTAL CASH AND CASH EQUIVALENTS	880 423	632 201

Cash at banks earns interest at floating rates based on daily bank deposit rates in the respective currency.

5.4 TRADE AND OTHER PAYABLES

(in CHF 1 000)	2021	2020
Trade payables	74 832	49 919
Other payables, thereof:	364 894	267 672
Sales related	136 931	93 744
Salary and social security	131 248	82 573
Contingent consideration	42 064	44 365
VAT and other non-income taxes	25 990	21 297
Refund liability	18 549	17 987
Rent payable	2 048	314
Interest accrued on straight bond (Note 7.2)	987	987
Other	7 075	6 405
TOTAL TRADE AND OTHER PAYABLES	439 725	317 591
thereof: other financial liabilities as defined by IFRS 7	182 030	139 410

In 2021, the contingent consideration mainly relates to the DrSmile business combination (CHF 36.6 million), while in 2020, the contingent consideration mainly includes both the DrSmile (CHF 22.0 million) and the Batigroup (CHF 9.1 million) business combinations.

6 PROVISIONS, OTHER NON-CURRENT LIABILITIES, CONTINGENCIES AND COMMITMENTS

6.1 PROVISIONS

(in CHF 1 000)	Sales-related	Legal	Other	Total 2021	Total 2020
At 1 January	2 640	11 729	1 102	15 471	10 971
Change in consolidation scope	0	0	273	273	0
Utilization	(53)	(1 566)	(2 168)	(3 787)	(157)
Reversal	0	(677)	(578)	(1 255)	(2 895)
Additions	166	16 177	5 774	22 117	8 633
Currency translation adjustments	(50)	(396)	(157)	(603)	(1 081)
At 31 December	2 703	25 267	4 246	32 216	15 471
Non-current 2021	2 703	16 787	4 191	23 681	
Current 2021	0	8 480	55	8 535	
TOTAL PROVISIONS 2021	2 703	25 267	4 246	32 216	
Non-current 2020	2 612	11 729	1 095		15 436
Current 2020	28	0	7		35
TOTAL PROVISIONS 2020	2 640	11 729	1 102		15 471

SALES RELATED

Provisions are made for expected product assurance-type warranties and similar items based on contractual arrangements. The amounts of the provision are determined on the basis of experience and are therefore subject to a degree of uncertainty. The outflow of funds depends on the timing of the filing and conclusion of warranty claims.

LEGAL

Legal provisions have been set up to cover various legal and administrative settlements that arise in the ordinary course of the business. The timing of outflows is uncertain as it depends upon the outcome of the cases. Group Management does not believe it is possible to make assumptions on the evolution of the cases beyond the balance sheet date.

OTHER

The composition of these items is manifold and comprises, among other things, provisions for sales agent's indemnities and provisions related to sales and other taxes. The expected timing of the future cash outflows is uncertain.

6.2 OTHER NON-CURRENT LIABILITIES

(in CHF 1 000)	2021	2020
Contingent consideration	70 527	72 793
Other long-term employee benefits	10 912	9 303
Rent payable	3 553	2 520
Government grants	141	236
Non-income taxes	63	1 603
Other	395	530
TOTAL OTHER LIABILITIES	85 590	86 986
thereof: other financial liabilities as defined by IFRS 7	74 080	75 313

In 2021, the majority of contingent consideration liability relates to the DrSmile business combination and amounts to CHF 55.6 million (2020: CHF 55.5 million). Further details are given in Note 7.3.

6.3 CONTINGENCIES AND COMMITMENTS

CONTINGENT ASSETS AND LIABILITIES

The Group has guarantee obligations with a maximum of CHF 46.6 million (2020: CHF 5.4 million). The guarantee obligations increased mainly due to the business model of DrSmile and the related business expansion. Some Group companies are involved in litigations arising from the normal course of their business and might be liable to pay compensations. The costs relating to these lawsuits may not be partially or fully covered by insurance. However, it is the view of the management that the outcome of such litigations will not significantly affect the Group's financial position over and above the provisions already recognized in the statement of financial position.

CONTINGENT LIABILITIES

(in CHF 1 000)	2021	2020
Guarantee obligations	46 619	5 379
Purchase commitments	2 924	1 214
TOTAL	49 543	6 593

7 FINANCING, CAPITAL AND TAX

7.1 FINANCIAL ASSETS

(in CHF 1 000)	2021	2020
Financial assets at fair value through other comprehensive income	21 303	10 866
Loans and other receivables	8 867	9 125
Financial assets at fair value through profit or loss	1 016	7 013
TOTAL NON-CURRENT FINANCIAL ASSETS	31 186	27 004
Loans and other receivables	1 276	16
Financial assets at fair value through profit or loss	1 075	289
TOTAL CURRENT FINANCIAL ASSETS	2 351	305

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets measured at fair value through other comprehensive income represent equity instruments in the medical device sector and an investment in a fund. The Group did not recognize any dividend income relating to these instruments during the periods under review.

LOANS AND OTHER RECEIVABLES

This position includes various non-derivative financial assets carried at amortized cost which generate interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This category mainly includes derivative financial instruments used by the Group to hedge its foreign currency risk. In 2020, this category further included a convertible bond from a non-listed US consumer health company in the dental sector. In 2021, the bond was converted into shares which are designated at fair value through other comprehensive income.

7.2 FINANCIAL LIABILITIES

(in CHF 1 000)	2021	2020
Straight bonds	479 841	479 726
Lease liabilities	200 882	216 387
Put options to non-controlling interests	5 439	26 601
Financial liabilities at amortized costs	4 137	7 909
TOTAL NON-CURRENT FINANCIAL LIABILITIES	690 299	730 622
Lease liabilities	25 846	25 840
Put options to non-controlling interests	13 955	0
Financial liabilities at amortized costs	612	952
Financial liabilities at fair value through profit or loss	338	749
Straight bonds	0	94
TOTAL CURRENT FINANCIAL LIABILITIES	40 751	27 635

Movements in liabilities arising from financing activities are as follows:

(in CHF 1 000)	2021	2020
At 1 January	758 257	495 489
Payment of lease liabilities	(29 897)	(24 920)
Change in lease liabilities	24 879	16 620
Purchase of non-controlling interests	(8 343)	0
Interest paid on lease liabilities	(6 912)	(6 626)
Repayment in non-current financial debts	(4 742)	(3 934)
Currency translation adjustments	(4 354)	(7 191)
Change in fair values	1 474	676
Increase in non-current financial debts	1 320	479 031
Change in consolidation scope	359	17 521
Repayment of current financial debts	(309)	(200 057)
Other changes	(682)	(8 352)
AT 31 DECEMBER	731 050	758 257

The change in consolidation scope in 2021 mainly relates to the business combination of Smilink and in 2020 mainly to the business combination DrSmile (Note 2.1). The purchase of non-controlling interest relates to the share acquisition from minority shareholders of Valoc AG.

STRAIGHT BONDS

The Group placed a CHF-denominated domestic straight bond issue for an aggregate amount of CHF 280 million with issue date 3 April 2020 and interest rate of 1.00% p.a., payable annually in arrears on 3 October. The bond is due for repayment on 3 October 2023.

In July 2020, the Group placed an additional CHF-denominated domestic straight bond for an aggregate amount of CHF 200 million, with issue date 15 July 2020 and an interest rate of 0.55% p.a., payable annually in arrears on 3 October. The bond is due for repayment on 3 October 2025.

Denominations of the bonds are CHF 5 000 nominal and multiples thereof. The bonds have been admitted to trading on the SIX Swiss Exchange with effect from 27 March 2020 until 3 October 2023 and from 10 June 2020 until 3 October 2025 respectively. Both are listed in accordance with the Standard for Bonds on the SIX Swiss Exchange.

In 2020 the Group repaid its CHF-denominated domestic straight bond of CHF 200 million which was issued in April 2013.

The interest-bearing borrowings recognized in the financial position are calculated as follows:

(in CHF 1 000)	2021	2020
Straight bonds at 1 January	479 819	199 980
Interest expense	4 016	3 851
Redemption (Coupon)	(3 993)	(3 736)
thereof:		
Recognized in trade and other payables (Note 5.4)	(987)	(987)
Disbursement	(3 006)	(2 749)
Repayment		(200 000)
Placement		479 726
STRAIGHT BONDS AT 31 DECEMBER	479 841	479 819

7.3 FINANCIAL INSTRUMENTS

FAIR VALUES

The carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables with a remaining term of up to twelve months, as well as other current financial assets and liabilities, represent a reasonable approximation of their fair values due to the short-term maturities of these instruments.

The fair value of equity instruments quoted in an active market is based on price quotations at the period-end date. For domestic bonds listed on the SIX Swiss Exchange, the fair value is derived from quoted market prices.

The fair value of the put options granted to non-controlling interests relate to the business combination of Abutment Direct Inc in 2019 and Medentika in 2017.

The fair value of derivatives is determined on the basis of input factors observed directly or indirectly on the market. The fair value of foreign exchange forward contracts and non-deliverable forwards are based on forward exchange rates.

The unquoted equity instruments allocated to Level 3 hierarchy mainly relate to investments in an Irish-based development and manufacturing company in the biomaterials sector, a non-listed US consumer health company in the dental sector, as well as a fund that is dedicated exclusively to investments in dental-related opportunities in China. As the market for these investments is not active or no market is available, fair value is determined based on best information available to the Group, such as the net asset value reports of the instruments.

Other financial liabilities allocated to Level 3 hierarchy mainly include the contingent considerations in relation to the business combinations of DrSmile in Germany, Bay Materials in the US, Medical Technologies 21 LLC in Russia and Digital Planning Service Private Limited in Pakistan. The fair value of the contingent consideration of DrSmile is based on revenue and profitability targets. The fair value of the contingent consideration of Digital Planning Service is based on various company or product-related milestones. The fair value of the Bay Materials contingent consideration is based on a mix of profitability components and product-related milestones. The fair value of the contingent consideration of Medical Technologies 21 LLC is based on revenue targets.

The fair value of investments in Level 3 is reviewed regularly for a possible diminution in value.

FAIR VALUE HIERARCHY

The Group uses the following hierarchy for disclosure of the fair values of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which predominantly use input data which are not based on observable market data

At 31 December 2021 and 2020 the Group held the following financial instruments:

2021 (in CHF 1 000)	Carrying amount (by measurement basis)					Fair Value
	Amortized cost	Level 1	Level 2	Level 3	Total carrying amount	
FINANCIAL ASSETS (NOTE 7.1)						
Derivative financial assets			1 075		1 075	
Equity instruments		1 016		21 303	22 319	
Convertible bonds					0	
Loans and other financial receivables	10 142				10 142	
FINANCIAL ASSETS (NOTE 5.2)						
Trade receivables	287 269				287 269	
Other receivables	52 385				52 385	
FINANCIAL ASSETS (NOTE 5.3)						
Cash and cash equivalents	880 423				880 423	
FINANCIAL LIABILITIES (NOTE 7.2)						
Straight bonds	479 841				479 841	489 564
Derivative financial liabilities			338		338	
Put options to non-controlling interests				19 394	19 394	
Lease liabilities	226 727				226 727	
Other financial liabilities	4 749				4 749	
FINANCIAL LIABILITIES (NOTE 5.4 AND 6.2)						
Trade payables	74 832				74 832	
Other liabilities	143 529			112 591	256 120	

2020 (in CHF 1 000)	Carrying amount (by measurement basis)					Fair Value
	Amortized cost	Level 1	Level 2	Level 3	Total carrying amount	
FINANCIAL ASSETS (NOTE 7.1)						
Derivative financial assets			289		289	
Equity instruments		6 642		5 074	11 716	
Convertible bonds				6 163	6 163	
Loans and other financial receivables	9 141				9 141	
FINANCIAL ASSETS (NOTE 5.2)						
Trade receivables	236 027				236 027	
Other receivables	29 297				29 297	
FINANCIAL ASSETS (NOTE 5.3)						
Cash and cash equivalents	632 201				632 201	
FINANCIAL LIABILITIES (NOTE 7.2)						
Straight bonds	479 819				479 819	491 178
Derivative financial liabilities			749		749	
Put options to non-controlling interests				26 601	26 601	
Lease liabilities	242 226				242 226	
Other financial liabilities	8 860				8 860	
FINANCIAL LIABILITIES (NOTE 5.4 AND 6.2)						
Trade payables	49 919				49 919	
Other liabilities	97 564			117 158	214 722	

The changes in carrying values associated with Level 3 financial instruments are set as follows:

(in CHF 1 000)	2021		2020	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
At 1 January	11 237	143 759	5 113	75 862
Transfer into Level 3	15 343	0	0	0
Additions	9 728	8 157	5 488	79 363
Settlements	(1 404)	(64 452)	(363)	(12 554)
Remeasurement recognized in profit or loss	(201)	43 479	323	3 127
Remeasurement recognized in OCI	(13 400)	(94)	675	(1 965)
Remeasurement recognized in equity	0	1 136	0	(74)
AT 31 DECEMBER	21 303	131 985	11 237	143 759

Additions to Level 3 financial assets mainly relate to an investment in an Irish-based development and manufacturing company in the biomaterials sector and an investment in a US-based digital treatment planning company in 2021.

The 'Transfer into Level 3' with a fair value of CHF 15.3 million on 31 December 2021 belongs to an investment in equity shares of a medical device company. The fair value of this investment was categorized as Level 1 on 31 December 2020 (CHF 5.8 million) because the company's shares were listed on a stock exchange and were actively traded in the market. However, the company's shares were suspended on possible delisting review and probe by financial authorities following allegations of an embezzlement case. As the market of this investment previously considered active became inactive with no current published price quotation available, the fair value measurement was transferred from Level 1 to Level 3 of the fair value hierarchy on 31 December 2021.

Financial liabilities remeasured in profit or loss mainly relate to the fair value adjustment of the contingent consideration liability in conjunction with the DrSmile business combination (CHF 48.7 million). Settlement of Level 3 financial liabilities mainly relate to the contingent consideration payment in conjunction with the DrSmile (33.2 million), Batigroup (CHF 9.7 million) and Zinedent (CHF 5.1 million) business combinations as well as to the purchase of non-controlling interests from the minority shareholders of Valoc AG (CHF 8.3 million).

In 2020, the additions to Level 3 financial liabilities related to contingent consideration payables (business combinations DrSmile and Artis Bio Tech). Settlements in Level 3 financial liabilities in 2020 mainly related to the contingent consideration payments in conjunction with the Batigroup business combination (CHF 8.3 million).

Besides the transfer into Level 3 described above, there were no further transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements in 2021 and 2020.

The significant unobservable inputs for material financial instruments within Level 3 of the fair value hierarchy and their quantitative sensitivity analysis at 31 December 2021 are as follows:

Instrument	Valuation technique	Significant unobservable input	Sensitivity of the input to fair value
Contingent Consideration DrSmile	Present value of the estimated redemption value	Revenue	500 base-point increase (decrease) in revenue would result in an increase (decrease) in fair value of CHF 3.9 million, resp. CHF –3.9 million (2020: CHF 3.6 million, resp. CHF –3.6 million)
		EBITDA	1000 base-point increase (decrease) in EBITDA would result in an increase (decrease) in fair value of CHF 1.1 million, resp. CHF –1.1 million (2020: nil)
		Interest rate	100 base-point increase (decrease) in the interest rate would result in a decrease (increase) in fair value of CHF –1.4 million, resp. CHF 1.4 million (2020: CHF –1.4 million, resp. CHF 1.4 million)

The fair value of the contingent consideration for DrSmile depends on the expected revenue and EBITDA achievement and the interest rate prevailing at the balance sheet date. As of 31 December 2021, the Group assesses that it is highly probable that DrSmile will achieve the targets due to expansion and the realization of synergies in the future. The fair value of the contingent consideration determined on 31 December 2021 reflects this development and is recorded at CHF 90.2 million (31 December 2020: 77.5 million).

The Group did not disclose further sensitivity analysis at 31 December 2021 for the remaining Level 3 financial instruments, as their quantitative sensitivity is not material to the Group.

HEDGES

At 31 December 2021, the Group had forward exchange contracts for net CHF 105.1 million (2020: CHF 30.9 million) and non-deliverable foreign exchange forward contracts (NDF) for CHF 15.1 million (2020: CHF 1.3 million).

7.4 FINANCE INCOME AND EXPENSE

(in CHF 1 000)	2021	2020
FINANCE INCOME	89 414	75 033
Interest income:		
from financial instruments at amortized cost	2 258	1 460
Fair value and other financial income	3 088	6 948
Foreign exchange gains	84 068	66 624
FINANCE EXPENSE	(160 668)	(116 078)
Interest expense:		
from financial instruments at amortized cost	(10 031)	(8 863)
on defined benefit obligation (net)	(94)	(137)
from lease liabilities	(6 912)	(6 626)
Fair value and other financial expense	(52 310)	(11 669)
Financial impairment expense	(878)	(10 599)
Foreign exchange losses	(90 444)	(78 185)
TOTAL FINANCE EXPENSE NET	(71 254)	(41 046)

In 2021, fair value and other financial expense includes CHF 48.7 million remeasurement expense for the contingent consideration payable to the sellers of DrSmile. In 2020, financial impairment expense includes an expense of CHF 10.1 million relating to the revaluation of a loan granted to an associate.

7.5 SHARE CAPITAL

The share capital is represented by 15 921 369 issued shares (2020: 15 906 824) of CHF 0.10 par value, fully paid in. On 19 April 2021, conditional share capital was exercised to increase the share capital of Straumann Holding AG by 14 545 shares (or CHF 1 454.50 nominal value). The shares were used to serve vested performance share units as part of the share-based payment program 2018–2021. The fair value at vesting amounted to CHF 1 220.47 per share.

The conditional share capital was approved for an unlimited period at an extraordinary Annual General Meeting in 1998 for use in equity participation plans for employees and management and was increased in 2016. As of 31 December 2021 the conditional share capital amounted to CHF 24 157.00 (2020: CHF 25 611.50).

Treasury shares are valued at weighted average cost and have been deducted from equity. The fair value of the treasury shares at 31 December 2021 amounted to CHF 11.0 million (2020: CHF 15.2 million).

As of 31 December 2021 the number of outstanding shares amounted to 15 915 711 (2020: 15 892 049) and the number of treasury shares amounted to 5 658 (2020: 14 775).

The number of shares outstanding developed as follows:

	2021	2020
At 1 January	15 892 049	15 865 482
Performance share plan – PSU	14 545	27 840
Treasury shares		
Purchased	(2 870)	(5 665)
Used	11 987	4 392
AT 31 DECEMBER	15 915 711	15 892 049

7.6 DIVIDENDS PER SHARE

The dividend paid in 2021 was CHF 5.75 per share (2020: CHF 5.75 per share), resulting in a total payout of CHF 91.4 million in 2021 and CHF 91.2 million in 2020. A dividend for the year ended 31 December 2021 of CHF 6.75 per share, amounting to a total dividend of CHF 107.4 million, will be proposed at the Shareholders' General Meeting on 5 April 2022. These financial statements do not reflect this payable dividend.

7.7 INCOME TAX

INCOME TAX EXPENSE

(in CHF 1 000)	2021	2020
Income taxes from current period	(100 117)	(45 643)
Income taxes from other periods	2 632	1 153
Deferred	19 386	22 850
Total income tax expense	(78 099)	(21 640)

EFFECTIVE INCOME TAX RATE (IN %)	16.4	19.0

For 2021 the applicable Group tax rate is 16.0% (2020: 3.7%, or 14.4% adjusted for non-tax-deductible goodwill impairments), which represents the weighted tax rate, calculated by multiplying the accounting profits (or losses) of each Group company by the respective statutory tax rate over the total pre-tax profit of the Group.

The following elements explain the difference between the income tax expense at the applicable Group tax rate and the effective income tax expense:

(in CHF 1 000)	2021	2020
Profit before tax	477 385	113 907
Applicable Group tax rate	16.0 %	3.7 %
Income tax at the applicable Group tax rate	(76 149)	(4 179)
Non-tax-deductible expense	(14 990)	(27 110)
Nontaxable income	12 944	9 876
Changes in recognition of tax assets from losses or tax credits (and their expiry)	(1 971)	1 786
Utilization of previously unrecognized tax losses or tax credits to offset current taxes	296	1 906
Tax losses or tax credits from current year that are not recognized	(769)	(4 867)
Effect of changes in tax rates or imposition of new taxes	142	(322)
Current taxes from other periods	2 632	1 153
Other	(234)	117
EFFECTIVE INCOME TAX EXPENSE	(78 099)	(21 640)

AVAILABLE TAX LOSS CARRY-FORWARDS AND TAX CREDITS

(in CHF 1 000)	2021	2020
At 1 January	163 704	200 304
Adjustments of tax loss carry-forwards on opening balance	5 664	(2 448)
Tax losses and credits arising from current year	85 673	42 704
Tax losses and credits expired (not used) during current year	(1 413)	(6 978)
Tax losses and credits utilized against current year profits	(54 677)	(30 512)
Change in consolidation scope - disposals	0	(792)
Currency translation adjustments	(2 220)	(38 574)
AT 31 DECEMBER	196 731	163 704

Deferred income tax assets of CHF 47.4 million (2020: CHF 40.4 million) were recorded in respect of available tax loss carry-forwards and tax credits of CHF 170.0 million (2020: CHF 123.5 million). Deferred income tax assets for unused tax losses and tax credits are recognized to the extent that it is probable that future taxable profits will be available, against which the unused tax losses and tax credits can be utilized in the respective countries, or to the extent that the individual companies have sufficient taxable temporary differences.

In 2012, the Group acquired 49% of Neodent through a fully owned subsidiary and subsequently conducted a downstream merger into Neodent. This transaction led to recognition of tax deductible goodwill and a capitalization of a deferred tax asset in Neodent's financial statements. In 2015, the Group obtained control over Neodent and started to consolidate Neodent in its financial statements. At 1 March 2015, the tax deductible goodwill amounted to CHF 124.9 million and the carrying amount of the respective deferred tax assets amounted to CHF 42.5 million. Effective as of 1 January 2016, Straumann Brasil Ltda was merged into Neodent. As a result of the merger, Neodent will benefit from future tax savings and has consequently recognized a deferred tax asset of CHF 38.7 million in respect of the tax credit of CHF 113.7 million. At the balance sheet date, the remaining deferred tax asset and tax credit amounted to CHF 17.1 million (2020: CHF 22.1 million) and CHF 50.2 million (2020: CHF 65.0 million).

Unused tax loss carry-forwards for which no deferred tax has been recognized will expire as follows:

(in CHF 1 000)	2021	2020
Expiry in next business year (current year +1)	1 689	479
Expiry current year +2	471	1 270
Expiry current year +3	1 844	296
Expiry current year +4	71	871
Expiry current year +5 and later	22 669	37 300
UNUSED TAX LOSS CARRY-FORWARDS AT 31 DECEMBER	26 743	40 217

DEFERRED INCOME TAXES

The movement in deferred income tax assets and liabilities is as follows:

2021

(in CHF 1 000)	PPE & Leasing	Intangible assets	Inventory valuation	Tax loss carry-forwards, tax credits	Other	Total
Net deferred tax balance at 1 January	1 110	(56 299)	28 057	40 407	12 487	25 762
Change in consolidation scope	0	(555)	-	-	-	(555)
(Charged) / credited to income statement	(8 194)	8 105	6 226	7 963	5 286	19 386
Credited to statement of comprehensive income	0	0	0	0	(1 457)	(1 457)
Charged to statement of changes in equity	0	0	0	0	3 123	3 123
Currency translation adjustments	6	1 567	(41)	(940)	(2 082)	(1 490)
NET DEFERRED TAX BALANCE AT 31 DECEMBER	(7 078)	(47 181)	34 242	47 429	17 357	44 769
Deferred tax assets at 31 December	45 295	2 438	38 465	47 429	26 746	160 372
Deferred tax assets after offset at 31 December						75 809
Deferred tax liabilities at 31 December	(52 372)	(49 619)	(4 223)	0	(9 389)	(115 603)
Deferred tax liabilities after offset at 31 December						(31 040)

2020

(in CHF 1 000)	PPE & Leasing	Intangible assets	Inventory valuation	Tax loss carry-forwards, tax credits	Other	Total
Net deferred tax balance at 1 January	(2 922)	(60 873)	22 814	53 088	10 999	23 106
Change in consolidation scope	0	(15 575)	0	0	25	(15 550)
(Charged) / credited to income statement	3 588	12 188	5 502	(475)	2 047	22 850
Credited to statement of comprehensive income	0	0	0	0	1 800	1 800
Charged to statement of changes in equity	0	0	0	0	(77)	(77)
Currency translation adjustments	444	7 961	(259)	(12 207)	(2 306)	(6 367)
NET DEFERRED TAX BALANCE AT 31 DECEMBER	1 110	(56 299)	28 057	40 407	12 487	25 762
Deferred tax assets at 31 December	45 228	1 349	32 052	40 407	20 126	139 162
Deferred tax assets after offset at 31 December						68 990
Deferred tax liabilities at 31 December	(44 118)	(57 648)	(3 996)	0	(7 639)	(113 400)
Deferred tax liabilities after offset at 31 December						(43 228)

At 31 December 2021, there was no recognized deferred tax liability (2020: CHF nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Group does not expect significant income tax liabilities from the distribution of retained earnings to the parent company.

8 PERSONNEL

8.1 EMPLOYEE BENEFITS EXPENSE

(in CHF 1 000)	2021	2020
Wages and salaries	(570 927)	(468 497)
Share-based payments (Note 8.3)	(9 364)	(9 285)
Social security cost	(69 182)	(58 621)
Pension costs and other personnel expense	(55 191)	(40 679)
TOTAL EMPLOYEE BENEFIT EXPENSE	(704 664)	(577 082)

8.2 RETIREMENT BENEFIT OBLIGATIONS

Apart from the legally required social security schemes, the Group has several independent pension plans. In most cases these plans are externally funded in vehicles which are legally separate from the Group. For certain Group companies, however, no independent plan assets exist for the pension plan of subsidiaries. In these cases the related unfunded liability is included in the statement of financial position. The defined benefit obligations and related plan assets are reappraised annually by independent actuaries.

The Swiss pension plan represents the most significant portion of the Group's total defined benefit obligation and plan assets. Current pension arrangements for employees in Switzerland are made through plans governed by the Swiss Federal Occupational Old Age, Survivors and Disability Pension Act (BVG). The plan is funded by regular employer and employee contributions. The final benefit is contribution-based with certain minimum guarantees. Due to these minimum guarantees, the Swiss plan is treated as a defined benefit plan for the purposes of the Group's financial statements, although the plan has many of the characteristics of a defined contribution plan.

The amounts for the Group's pension plans recognized in the statement of financial position are as follows:

MOVEMENTS OF NET LIABILITIES RECOGNIZED IN STATEMENT OF FINANCIAL POSITION

(in CHF 1 000)	2021	2020
Net liabilities at 1 January	(73 325)	(67 918)
Currency translation adjustments	193	26
Expense recognized in consolidated income statement	(16 008)	(10 388)
Employer contributions	12 538	12 241
Remeasurements	14 863	(7 286)
NET LIABILITIES AT 31 DECEMBER	(61 739)	(73 325)

BALANCE SHEET

(in CHF 1 000)	2021	2020
Fair value of plan assets	281 301	232 102
Present value of funded benefit obligations	(339 429)	(301 711)
Deficit in the plan	(58 128)	(69 609)
Present value of unfunded benefit obligations	(3 611)	(3 716)
TOTAL RETIREMENT BENEFIT OBLIGATIONS	(61 739)	(73 325)

The net periodic benefit costs recorded in the income statement consist of the following components:

(in CHF 1 000)	2021	2020
Current service cost	(15 415)	(15 208)
Interest expense on defined benefit obligation	(358)	(497)
Interest income on plan assets	264	360
Administration costs	(499)	(318)
Gains on curtailments, settlements and plan amendments	0	5 275
EXPENSE RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT	(16 008)	(10 388)

Plan amendment gains in 2020 are recorded mainly in respect of changes to the Swiss pension plan (2021: nil). The change represents the adoption of a lower conversion rate, which determines the annuity at the normal retirement age.

The defined benefit obligation of the Swiss pension plan amounts to CHF 337.8 million (2020: CHF 300.2 million), the plan assets are CHF 280.1 million (2020: CHF 230.8 million) and current service costs are CHF 14.8 million (2020: CHF 14.4 million).

The movement in the Group's defined benefit obligation over the year is as follows:

(in CHF 1 000)	2021	2020
Present value of benefit obligation at 1 January	(305 427)	(292 767)
Current service cost	(15 415)	(15 208)
Interest expense on defined benefit obligation	(358)	(497)
Curtailments, settlements and plan amendments	0	5 275
Employee contributions	(7 563)	(7 213)
Experience losses on defined benefit obligation	(39 351)	(8 001)
Benefits paid / transferred in	3 028	14 809
Actuarial results arising from change in financial assumptions	(944)	(2 165)
Actuarial results arising from change in demographic assumptions	22 733	277
Currency translation adjustments	257	63
PRESENT VALUE OF BENEFIT OBLIGATION AT 31 DECEMBER	(343 040)	(305 427)
whereof due to active members	(293 427)	(261 930)
whereof due to pensioners	(49 613)	(43 497)

On 31 December 2021, the weighted-average duration of the defined benefit obligation was 13 years (2020: 14 years).

The calculation of defined benefit obligation is based on actuarial assumptions. The principal actuarial assumptions for the plans, which are determined with respect to local conditions, were as follows:

	2021		2020	
	Switzerland	Other	Switzerland	Other
Discount rate	0.20 %	0.87 % – 2.79 %	0.10 %	0.33 % – 3.02 %
Future salary increases	1.00 %	1.00 % – 5.00 %	1.00 %	1.00 % – 5.00 %

Generational mortality tables are used where this data is available. The mortality assumptions used for the Swiss pension plan were based on BVG 2020 applying the 'continuous mortality investigation' (CIM) model. A long-term rate of 1.5% was used for longevity improvements (2020: BVG 2015 GT). This change in mortality assumptions led to a decrease of the defined benefit obligation by CHF 23.1 million. The high amount of experience losses on the defined benefit obligation (CHF –39.5 million) mainly relates to an increased number of plan participants in 2021 versus the estimation.

The defined benefit pension obligation is significantly impacted by assumptions regarding the discount rate. Furthermore, the rate of future salary increases significantly affects the value of the plans.

A quantitative sensitivity analysis for significant assumptions is shown below:

(in CHF 1 000)	2021		2020	
	Defined benefit obligation		Defined benefit obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25 % movement)	10 349	(11 042)	10 268	(13 620)
Future salary growth (0.25 % movement)	(1 518)	1 476	(1 484)	1 441

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The movement in the fair value of plan assets over the year is as follows:

(in CHF 1 000)	2021	2020
Fair value of plan assets at 1 January	232 102	224 849
Interest income	264	360
Employer contributions	12 538	12 241
Employee contributions	7 563	7 213
Benefits paid / transferred in	(3 028)	(14 809)
Return on plan assets	32 425	2 603
Administration costs	(499)	(318)
Currency translation adjustments	(64)	(37)
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	281 301	232 102

Plan assets are comprised as follows:

(in CHF 1 000)	2021		2020	
Cash and cash equivalents	8 963	3.2 %	6 693	2.9 %
Debt instruments	51 255	18.2 %	46 161	19.9 %
Equity instruments	89 346	31.8 %	63 932	27.5 %
Real estate	75 061	26.7 %	62 778	27.0 %
Other	56 676	20.1 %	52 538	22.5 %
TOTAL PLAN ASSETS	281 301	100.0 %	232 102	100.0 %

Cash and cash equivalents, as well the largest part of the debt, equity instruments and other (mainly consisting of insurance-linked securities and investments in an infrastructure fund) have a quoted market price and are tradeable in liquid markets. In both years, 16% of the real estate investments have a quoted market price, while the rest is mainly invested in common investment foundations.

The strategic allocation of assets is determined with the objective of achieving an investment return which, together with the employer and employee contributions, is sufficient to maintain reasonable control over the various funding risks of the plan. The aim is to ensure that plan assets and liabilities are aligned in the medium and long term.

The Group's defined benefit plans are administered by independent foundations. The Board of Trustees, which is constituted by an equal number of representatives of the employer and employees, is responsible for the management of the plans. The Board of Trustees determines the investment strategy within the framework of the legal provisions taking into consideration the plans' risk objectives, benefit obligations and risk capacity. The Board of Trustees uses external actuarial reports to estimate the risk capacity.

Each year, the level of funding is reviewed as required by legislation. The duties of the Board of Trustees are laid down in the BVG and the pension fund regulations. In accordance with BVG, a temporary shortfall is permitted. The Board of Trustees must take appropriate measures in order to solve the shortfall within a reasonable time. Pursuant to BVG, additional employer and employee contributions may be incurred whenever a significant shortfall arises in accordance with the BVG.

The expected amount of contribution to post-employment benefit plans for 2022 is CHF 13.3 million.

Apart from the defined benefit plans, the Group also operates several defined contribution plans which receive fixed contributions from Group companies. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognized in the current period in relation to these contributions was CHF 9.9 million (2020: CHF 8.2 million).

8.3 SHARE-BASED PAYMENTS

The Group currently uses three different compensation plans involving share-based payment components:

- Long-term incentive (LTI)
- Board of Directors remuneration
- Employee share participation plan (ESPP)

LONG-TERM INCENTIVE (LTI)

The LTI program is designed for Executive Management Board, Senior Management and other key employees. The plan uses Performance Share Units (PSU), which are granted to eligible personnel with specific performance conditions that result in a potential vesting into Straumann shares after three years. The number of shares allocated per PSU depends on the achievement of two performance conditions, both directly reflecting the shareholder experience and considered essential for sustaining shareholder value creation.

- Absolute total shareholder return (aTSR) aims to link the LTI value at vesting directly with the absolute value created by the company for its shareholders
- Relative total shareholder return (rTSR) shows the Group's share performance in the context of the market and in comparison with peer companies of the SMIM (Swiss Market Index Mid)

The two performance conditions are weighted equally and vest independently of each other. For each performance condition, the maximum conversion factor is one share per PSU. The valuation is performed by independent specialists applying the following significant inputs into the model: grant date, vesting date, average reference price, performance target including 'cap' and 'floor', share price at issue, risk-free interest rate, expected volatility, expected correlation and expected dividend yield.

Regarding the aTSR component, the conversion rate of PSUs into shares is linear and ranges from 0 to 100%. If the TSR CAGR is 0% or below, the conversion rate is zero. If the CAGR is 7%, each PSU converts into half a share, while a CAGR of 14% or more results in a conversion of one share per PSU. In the case of rTSR, the conversion rate is also linear and ranges from 0% to 100%. No shares are allocated if the Group underperforms the SMIM by 25%-points or more. Each PSU converts into one share if the Group outperforms the SMIM by 25%-points or more. Performance in-line with the SMIM results in each PSU converting into half a share.

From 2016 to 2018 (vesting in 2019 to 2021), the LTI was determined by a TSR and EBIT Growth Amount (EGA) measured over a three-year performance cycle and equally weighted. The vesting conditions for those grants remain unchanged.

BOARD OF DIRECTORS REMUNERATION

The compensation of the Board of Directors consists of a fixed compensation component only, paid in cash and undiscounted shares. The shares allocated to the members of the Board of Directors are blocked for two years. The value of shares allocated is calculated using the average closing price of the shares over the seven trading days following the ex-dividend day.

EMPLOYEE SHARE PARTICIPATION PLAN

Effective in 2021, eligible employees in Switzerland have been able to purchase the Group's shares up to a maximum of 25% or 35% of their annual base salary at a discount of 25% or 35%, respectively, depending on hierarchical level and respective LTI eligibility. The grant value is based on the average share price over the seven-trading-day period following the ex-dividend day. The shares are blocked for two years. During the reporting period, employees subscribed to 9 195 of those shares. In 2020, the ESPP was suspended and no shares were purchased under this program.

The expense recognized for share-based payments during the year is shown in the following table:

(in CHF 1 000)	2021	2020
Long-term incentive (LTI)	5 737	8 582
Board of Directors remuneration	901	703
Employee share participation plan (ESPP)	2 726	0
TOTAL SHARE-BASED PAYMENTS (NOTE 8.1)	9 364	9 285

There were no cancellations or modifications to the PSU awards in 2021 or 2020.

Movements in the number of performance share units are as follows:

RECONCILIATION OF OUTSTANDING PERFORMANCE SHARE UNITS

	2021	2020
At 1 January	29 854	34 771
Granted	8 766	12 198
Exercised	(10 299)	(14 297)
Forfeited	(2 094)	(2 818)
TOTAL AT 31 DECEMBER	26 227	29 854
Exercisable at 31 December	0	0

In 2021, 8 766 PSUs were granted under the LTI (2020: 12 198). The total fair value has been determined using a Monte Carlo simulation algorithm and amounts to CHF 1 265.64 (2020: CHF 786.65).

Underlying assumptions for the fair value of the PSUs are presented below:

INPUTS TO THE MODELS

	2021 PSU	2020 PSU
Dividend yield (in %)	0.00	0.00
Expected volatility (in %)	30.65	27.82
Risk-free interest rate (in %)	(0.56)	(0.64)
Expected life of PSUs (in years)	3	3
Share price (in CHF) at grant date in April	1 246.50	778.40
Fair value (in CHF)	1 265.64	786.65

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the instruments is indicative of future trends, which may not necessarily be the actual outcome.

8.4 GLOBAL RESTRUCTURING IN 2020

In the light of the impact of the COVID-19 pandemic on its markets and economy the Group has aligned the costs with current and projected lower revenues. As personnel accounts for the largest item of its operating costs, the Group introduced a plan to reduce its global workforce by approximately 660 employees in 2020. The reduction took place across all countries and functions. The total non-recurring restructuring costs in 2020 amounted to CHF 17.9 million, recognized as personnel expense.

In 2021, no material restructuring took place.

9 OTHER DISCLOSURES

9.1 EVENTS AFTER THE BALANCE SHEET DATE

MEDENTIKA GMBH

On 17 January 2022, the Group acquired the remaining 9% interest in Medentika GmbH, based on a call and put option agreement, for a cash consideration of CHF 14.0 million.

NIHON IMPLANT CO. LTD,

On 20 January 2022, the Group acquired 85% of the issued shares in Nihon Implant Co., Ltd. (Nihon), privately owned and based in Japan, for a total cash consideration of CHF 30.7 million. Nihon is a leading national implant referral service provider and offers consultancy services related to implant treatment, dental clinics and technicians and laboratory products. The acquisition enables the Group to communicate directly with health consumers which will help to raise awareness of the advantages of implants.

The Group also entered into a forward purchase arrangement (FPA) with the minority shareholders of Nihon to gradually acquire the remaining 15% equity until the end of 2026 for a consideration based on Nihon's average financial performance over the same period. The undiscounted consideration for the FPA was discounted at a risk-adjusted discount rate of 2.55%. Accordingly, the FPA resulted in a financial liability of CHF 17.6 million being recorded at the date of acquisition.

The financial effects of this transaction have not been recognized on 31 December 2021. The operating results and assets and liabilities of the acquired company will be consolidated from 20 January 2022. On the date the Group obtained control over Nihon, the Group's share of identifiable net assets had not yet been elaborated. Details of the assets taken over and the liabilities assumed, the future revenue and profit contribution of Nihon and the effect on the cash flow for the Group are not disclosed, as the accounting for the transaction is still incomplete at the time these consolidated financial statements have been authorized for issue.

9.2 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise trade payables, finance leases, overdrafts, bank loans and straight bonds issued in Switzerland. The Group has various financial assets such as trade receivables, cash, cash equivalents and short-term deposits.

The main risks arising from the Group's financial assets and liabilities are related to interest rate changes, foreign currency fluctuations, possible credit defaults and liquidity shortage. The Audit and Risk Committee agrees and reviews policies for managing these risks, which are summarized below. The risk management execution is carried out by specialist teams that have the appropriate skills, experience and supervision.

MARKET RISK

Market risk refers to the risk that the fair value of future cash flows of financial assets and liabilities will fluctuate because of external changes in the markets involved. This systemic risk mainly affects the Group's interest rate risk, foreign currency risk, credit risk and liquidity risk. The subsequent sections provide insights into the management of the various risks, including major exposures and their potential effects on the Group's profitability. Such financial impacts are demonstrated in sensitivity analyses, which relate to the Group's net financial positions at 31 December 2021 and 2020. Excluded from the sensitivity calculations are changes in the carrying value of post-retirement obligations, provisions, non-financial assets and liabilities of foreign operations.

INTEREST RATE RISK

Interest rate risk refers to the risk that the fair value of future cash flows of financial assets and liabilities will fluctuate because of changes in market interest rates. The Group's exposure to this risk arises primarily from short-term interest-bearing assets and short-term debt obligations. The Group is primarily exposed to interest rate risks in the Swiss and US markets. The Group's policy is to closely monitor interest rate risks and manage them using variable and fixed rates or financial derivatives. No material hedging activities, such as interest rate swaps, were conducted during the period under review.

INTEREST RATE RISK SENSITIVITY

The following table demonstrates the impact of reasonably possible interest rate changes on the Group's profit before tax, with all other variables held constant. The sensitivity analysis considers major interest rate risk exposures. The method considers fair value changes of interest-bearing assets and borrowings. There is no material impact on the Group's equity.

(in CHF 1 000)	2021		2020	
CURRENCY	Increase / decrease (in base points)	Effect on profit before tax	Increase / decrease (in base points)	Effect on profit before tax
CHF	30	1 866	30	1 244
USD	50	427	50	318
CHF	(30)	(1 866)	(30)	(1 244)
USD	(50)	(427)	(50)	(318)

FOREIGN CURRENCY RISK

Foreign exchange risk arises when future transactions or recognized assets or liabilities are denominated in a currency other than the entity's functional one. As the majority of the Group's business is international and since the Group's financial statements are prepared in Swiss francs, fluctuations in exchange rates affect both the Group's operating results and the reported values of the assets and liabilities. The Group is primarily exposed to the euro, the US dollar, the Brazilian real, the Chinese renminbi and the Japanese yen.

In addition to general efforts to reduce currency exposures naturally, the Group's foreign currency risk management policy aims to concentrate exposures centrally and subsequently manage them through a selective hedging approach. Managed exposures comprise recognized and anticipated transactions over a maximum of 12 months. The Group uses derivative instruments, primarily forward currency contracts, non-deliverable foreign exchange forwards (NDF) and plain vanilla options. Hedging decisions are taken and, if possible, executed by Corporate Finance. Speculative trading is forbidden.

At 31 December 2021 the Group had economically hedged 91% (2020: 86%) of its foreign currency exposure for which firm commitments existed at the reporting date.

The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's long-term investments in foreign operations is not hedged.

FOREIGN CURRENCY RISK SENSITIVITY

The following table demonstrates the impact of reasonably possible currency rate changes on the Group's profit before tax (for fair value changes of financial assets and liabilities including foreign currency derivatives as fair value hedges) and the Group's equity (for fair value changes of currency derivatives designated as cash flow hedges), with all other variables held constant. The sensitivity analysis considers major foreign currency risk exposures.

(in CHF 1 000)	2021			2020		
CURRENCY	Increase / decrease (in %)	Effect on profit before tax	Effect on equity	Increase / decrease (in %)	Effect on profit before tax	Effect on equity
CNY / CHF	10	55	0	10	713	0
USD / CHF	10	0	0	10	1 387	0
BRL / CHF	10	33	0	10	(199)	0
EUR / CHF	10	(1 306)	0	10	(2 266)	0
JPY / CHF	10	(140)	0	10	471	0
CNY / CHF	(10)	(55)	0	(10)	(713)	0
USD / CHF	(10)	0	0	(10)	(1 387)	0
BRL / CHF	(10)	(33)	0	(10)	199	0
EUR / CHF	(10)	1 306	0	(10)	2 266	0
JPY / CHF	(10)	140	0	(10)	(471)	0

CREDIT RISK

Credit risk refers to the risk that counterparties will not meet their obligations, leading to a financial loss for the creditor. The Group is exposed to credit risk from its operating activities, primarily trade receivables and loan notes, as well as from its financing activities, primarily financial instruments such as foreign exchange derivatives and cash deposits with financial institutions.

TRADE RECEIVABLES

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, maturing and overdue receivable balances are monitored on an ongoing basis. The Group continuously reviews its provision for impairment. The maximum exposure is the carrying amount as disclosed in Note 5.2. In 2021 and 2020, 96% of the transactions occurred in the country of the respective operating unit. There are no significant concentrations of customer credit risk within the Group.

FINANCIAL INSTRUMENTS AND CASH DEPOSITS

Credit risk from balances with banks and other financial institutions is managed by Corporate Finance in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties. The Group's exposure to credit risk arises from the potential default of a counterparty, with a maximum exposure equal to the carrying amount of these assets.

The table below shows the major cash balances held with financial institutions at the balance sheet date.

(in CHF 1 000)	2021		2020	
BANK	Rating	Balance	Rating	Balance
Bank A	AAA	153 562	AAA	68 655
Bank B	AA+	218 013	AA+	81 327
Bank C	AA	450	AA	450
Bank D	A+	163 480	A+	168 361
Bank E	A–	80 029	BBB+	70 916
Bank F	A+	120 803	A+	112 866
Bank G	A–	33 327	A–	17 277
Other banks		110 759		112 349
TOTAL		880 423		632 201

LIQUIDITY RISK

Liquidity risk refers to the possible inability to meet short-term debt obligations due to the lack of liquid assets. The Group closely monitors its liquidity risk through a prudent asset and liability management. This includes a recurring liquidity planning approach throughout the Group. The Group's objective is to maintain an adequate funding structure by using bank overdrafts, bank loans, bonds and finance leases. In accordance with the policy, Group Treasury maintains a permanently accessible cash stock as well as flexible short-term funding possibility through committed credit lines, involving a prospective approach.

The following table reflects all undiscounted contractually agreed payments for repayments and interest resulting from recognized financial liabilities at 31 December 2021 and 31 December 2020.

(in CHF 1 000)	2021			2020		
	< 1 year	1–5 years	> 5 years	< 1 year	1–5 years	> 5 years
Straight bonds	3 948	486 236	0	3 948	490 184	0
Lease liabilities	31 745	91 242	160 291	31 373	96 342	170 131
Other financial liabilities	951	9 060	516	866	33 569	941
Trade payables	74 832	0	0	49 919	0	0
Other payables	182 030	74 080	0	139 410	75 313	0
TOTAL	293 506	660 617	160 806	225 516	695 408	171 072

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and secure shareholder investments. The Group manages its capital structure and makes adjustments when necessary. These can also involve changing the dividend payment to shareholders, returning capital to shareholders through share buy-backs, or issuing new shares.

As the Group operates in a fast-moving industry, its policy is to maintain a high degree of flexibility in its capital structure through a high availability of liquid funds. The Group monitors its capital base using the equity ratio. In the medium and long term, the Group strives to maintain an equity ratio of around 50% or higher.

EQUITY RATIO

(in CHF 1 000)	2021	2020
Total assets	2 968 038	2 548 613
Equity	1 500 448	1 209 943
EQUITY RATIO	50.6 %	47.5 %

9.3 PRINCIPAL CURRENCY TRANSLATION RATES

CURRENCY	Unit	31 Dec 2021	Average 2021	31 Dec 2020	Average 2020
Brazilian real (BRL)	100	16.40	16.95	16.97	18.54
Canadian dollar (CAD)	1	0.72	0.73	0.69	0.70
Chinese renminbi (CNY)	100	14.34	14.13	13.48	13.59
euro (EUR)	1	1.03	1.08	1.08	1.07
Japanese yen (JPY)	100	0.79	0.83	0.85	0.88
Turkish lira (TRY)	1	0.07	0.10	0.12	0.14
US Dollar (USD)	1	0.91	0.91	0.88	0.94

9.4 RELATED-PARTY DISCLOSURE

Besides the associates, the joint venture and the Key Management Personnel, the Group has identified the following related parties:

- The International Team for Implantology (ITI) Foundation
- Medartis AG

In the period under review, the following related-party transactions were made:

(in CHF 1 000)	2021	2020
PURCHASE OF GOODS FROM:		
Associates	(9 893)	(7 862)
Medartis AG	(3)	(243)
SALE OF GOODS TO:		
Associates	2 881	977
SERVICES RENDERED TO:		
Associates	122	131
ITI Foundation	428	462
SERVICES RECEIVED FROM:		
Associates	(4 842)	(3 044)
ITI Foundation	(9 744)	(9 982)
TOTAL	(21 052)	(19 561)

Payments to the ITI Foundation are based on a collaboration agreement between the Group and the ITI.

The payments received for the rendering of services as well as the purchases of goods as stated above are carried out under normal commercial terms and conditions.

The following open balances due to/from related parties are recognized in the statement of financial position:

(in CHF 1 000)	2021	2020
Associates loans receivables	2 431	2 403
Associates (payables) / receivables	(2 795)	(327)
ITI Foundation (payables) / receivables	(2 190)	(2 685)
TOTAL	(2 553)	(610)

KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel comprises of the Board of Directors and the Executive Management Board (EMB).

The Board of Directors is entitled to a fixed compensation, which is paid out in cash and shares. The shares allocated to the members of the Board of Directors are blocked for 2 years.

The compensation of the EMB consists of a fixed portion and variable portion, which depends on the course of business and individual performance. In addition, Executive Management Board members participate in the LTI program (Note 8.3).

COMPENSATION

The following table shows the compensation of Key Management Personnel recognized in profit or loss in line with the Group's accounting policies.

(in CHF 1 000)	2021	2020
Salaries and other short-term employee benefits	13 545	13 245
Post-employment benefits	2 101	2 296
Share-based payments	3 337	3 674
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION RECOGNIZED IN THE INCOME STATEMENT	18 983	19 215

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9.5 SUBSIDIARIES AND ASSOCIATES

The consolidated financial statements of the Group include:

NAME	City	Country of incorporation	Interest and voting rights 2021 (in %)	Share capital 31.12.2021	
SUBSIDIARIES:					
Anthogyr SAS	Sallanches	France	100.00	EUR	1 254 040
Anthogyr Inc.	Orlando	USA	100.00	USD	5 000
Anthogyr S.A.	Mersch	Luxembourg	100.00	EUR	400 100
Anthogyr Center Sarl	Mersch	Luxembourg	100.00	EUR	12 000
Batigroup Dental Diş Ürünleri Ticaret AŞ	Ankara	Turkey	100.00	TRY	340 400 000
Biora AB	Malmö	Sweden	100.00	SEK	950 152
Dental Wings Inc.	Montreal	Canada	100.00	CAD	24 648 923
Dental Wings GmbH	Chemnitz	Germany	100.00	EUR	25 000
Dental Wings Hong Kong Ltd	Hong Kong	China	100.00	HKD	4 635 044
Shenzhen Dental Wings Company Limited	Shenzhen	China	90.00	CNY	1 790 369
DW Manufacturing Inc.	Montreal	Canada	100.00	CAD	1
Straumann Digital Planning Services (Private) Ltd	Lahore	Pakistan	100.00	PKR	12 000 000
Equinox Dental AG	Basel	Switzerland	100.00	CHF	100 000
etkon (Schweiz) AG	Rheinfelden	Switzerland	70.00	CHF	100 000
Institut Straumann AG	Basel	Switzerland	100.00	CHF	100 000
Equinox Implants LLP	Mumbai	India	100.00	INR	320 000 000
Straumann Italia Srl	Milan	Italy	100.00	EUR	270 000
Instradent AG	Basel	Switzerland	100.00	CHF	100 000
Createch Medical S.L.U.	Mendaro	Spain	100.00	EUR	1 334 784
Createch Institute A.E.I.E.	Mendaro	Spain	100.00	EUR	880 000
Straumann Middle East PJS	Tehran	Iran	100.00	IRR	40 000 000
T-Plus Implant Tech. Co. Ltd.	New Taipei City	Taiwan	58.06	TWD	154 901 960
Instradent LLC	Moscow	Russia	100.00	RUB	17 250 000
Manohay Argentina SA	Buenos Aires	Argentina	100.00	ARS	19 000 000
Manohay Chile SPA	Santiago	Chile	100.00	CLP	1 863 200 000
Manohay Colombia SAS	Bogotá	Colombia	100.00	COP	7 100 062 213
Manohay Dental SA	Madrid	Spain	100.00	EUR	60 200
Manohay México SA de CV	México DF	Mexico	100.00	MXN	41 892 615
Medical Technologies 21 LLC	Moscow	Russia	100.00	RUB	10 000
SmileCo GmbH	Berlin	Germany	100.00	EUR	25 000
DrSmile Iberia S.L.	Madrid	Spain	100.00	EUR	3 000
DrSmile Polska sp.z.o.o.	Warsaw	Poland	100.00	PLN	50 000
DrSmile Sverige AB	Stockholm	Sweden	100.00	SEK	25 000
DZK Deutsche Zahnklinik GmbH	Düsseldorf	Germany	100.00	EUR	25 000
Urban Technology GmbH	Berlin	Germany	100.00	EUR	25 000
DrSmile Italia srl	Milano	Italy	100.00	EUR	10 000
Straumann (Beijing) Medical Device Trading Co Ltd	Beijing	China	100.00	CNY	70 290 000
Straumann (China) Investment Company Limited	Shanghai	China	100.00	USD	60 000 000
Straumann (Shanghai) Medical Device Co., Ltd.	Shanghai	China	100.00	USD	30 000 000
Lirui Medical Technology (Shanghai) Company Limited	Shanghai	China	100.00	CNY	50 000 000
3D ADD Medical Technology (Beijing) Co. Ltd.	Beijing	China	100.00	CNY	31 285 714
Straumann AB	Mölndal	Sweden	100.00	SEK	100 000
Straumann AS	Oslo	Norway	100.00	NOK	1 000 000
Straumann BV	Ijsselstein	Netherlands	100.00	EUR	18 151
JJGC Indústria e Comércio de Materiais Dentários S.A. ('Neodent')	Curitiba	Brazil	100.00	BRL	1 152 621 860
Smilink Serviços Ortodônticos Ltda.	São Paulo	Brazil	100.00	BLR	37 038 095
Yller Biomateriais S/A	Pelotas	Brazil	100.00	BRL	19 984
Northern Cross B.V.	Amsterdam	Netherlands	100.00	EUR	100
Smile factory S I e P LTDA.	São Paulo	Brazil	100.00	BRL	1 300 100
Straumann Canada Ltd	Burlington	Canada	100.00	CAD	2 100 000
Straumann Danmark Aps	Brøndby	Denmark	100.00	DKK	125 000
Straumann Dental India LLP	Mumbai	India	100.00	INR	1 766 000 000
Straumann Dental Korea Inc	Seoul	Republic of Korea	100.00	KRW	2 300 000 000
Straumann Dental s.r.l.	Bucharest	Romania	100.00	RON	4 050 000
Straumann GmbH	Vienna	Austria	100.00	EUR	40 000
Straumann Group (Taiwan) Co. Ltd.	Taipei	Taiwan	75.00	TWD	13 333 333
Straumann Group (Thailand) Limited	Bangkok	Thailand	100.00	THB	120 000 000
Straumann Group Adriatic d.o.o.	Zagreb	Croatia	100.00	EUR	25 000
Straumann Group Peru SA	Lima	Peru	100.00	PEN	1 702 500
Straumann Group SDN. BHD.	Kuala Lumpur	Malaysia	100.00	MYR	1 055 000
Straumann Group South Africa (PTY) LTD	Somerset West	South Africa	100.00	ZAR	1 000
Straumann Holding Deutschland GmbH	Freiburg	Germany	100.00	EUR	25 000
etkon GmbH	Gräfelfing	Germany	100.00	EUR	326 000
Medentika GmbH	Hügelsheim	Germany	91.00	EUR	275 000

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NAME	City	Country of incorporation	Interest and voting rights 2021 (in %)	Share capital 31.12.2021	
Abutment Direct Inc.	Markham	Canada	45.50	CAD	0
Straumann GmbH	Freiburg	Germany	100.00	EUR	200 000
Straumann Services AG & Co. KG	Freiburg	Germany	100.00	EUR	10 000
Straumann Indochina Co. Ltd.	Hanoi	Vietnam	100.00	VND	6 975 000 000
Straumann Japan KK	Tokyo	Japan	100.00	JPY	10 000 000
etkon Japan KK	Shibayama	Japan	100.00	JPY	10 000 000
Straumann Jordan PSC	Amman	Jordan	49.00	JOD	50 000
Straumann LLC	Moscow	Russia	100.00	RUB	21 000 000
Straumann Ltd	Crawley	UK	100.00	GBP	300 000
Straumann Manufacturing, Inc.	Andover	USA	100.00	USD	1
Bay Materials LLC	Fremont	USA	100.00	USD	0
ClearCorrect Holdings, Inc.	Round Rock	USA	100.00	USD	1
ClearCorrect Operating, LLC	Round Rock	USA	100.00	USD	1 000
Straumann USA, LLC	Andover	USA	100.00	USD	1
Straumann Oy	Helsinki	Finland	100.00	EUR	32 000
Straumann Pty Ltd	Port Melbourne	Australia	100.00	AUD	100
Straumann New Zealand Ltd	Napier	New Zealand	100.00	NZD	0
Straumann SA/NV	Zaventem	Belgium	100.00	EUR	2 565 021
Straumann SAS	Fontenay-sous-Bois	France	100.00	EUR	287 472
SCI Alpina Immobilière	Fontenay-sous-Bois	France	100.00	EUR	50 000
Straumann Group & Clear Correct Singapore Pte Ltd.	Singapore	Singapore	100.00	SGD	10 000
Straumann SRO	Prague	Czech Republic	100.00	CZK	200 000
Straumann Villeret SA	Villeret	Switzerland	100.00	CHF	9 000 000
Straumann Manufacturing Pars PJS	Tehran	Iran	100.00	IRR	40 000 000
Valoc AG	Rheinfelden	Switzerland	100.00	CHF	100 000

The next senior and ultimate holding company of the Straumann Group is Straumann Holding AG which is based and listed in Switzerland.

NAME	City	Country of incorporation	Interest and voting rights 2021 (in %)
ASSOCIATES:			
botiss medical AG	Berlin	Germany	30.00
Dental Monitoring SAS	Paris	France	6.00
Geniova Technologies S.L.	Madrid	Spain	36.77
maxon dental GmbH	Kenzingen	Germany	49.00
MiniNaviDent AG	Liestal	Switzerland	39.12
Rodo Medical Inc.	San Jose	USA	30.00
Rapid Shape GmbH	Heimsheim	Germany	35.00
Z-Systems AG	Oensingen	Switzerland	30.63
Promaton Holding B.V.	Amsterdam	Netherlands	49.12
STM Digital Dentistry Holding Ltd	Hong Kong	China	49.00
Peak Dental Solutions HK Ltd.	Hong Kong	China	40.00
Warantec Co., Ltd.	Seongnam-si	Republic of Korea	33.50

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AUDIT REPORT – CONSOLIDATED FINANCIAL STATEMENTS

To the general meeting of Straumann Holding AG, Basel

STATUTORY AUDITOR’S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Straumann Holding AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (pages 137 to 182).

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

BASIS FOR OPINION

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the *International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

RECOVERABILITY OF GOODWILL AND BRANDS WITH INDEFINITE USEFUL LIFE

AREA OF FOCUS

Goodwill and brands with indefinite useful life stemming from the various acquisitions represent 19% of the Group’s total assets and 37% of the Group’s equity as of 31 December 2021 (see Group’s disclosures Note 4.4). There is a risk of limited recoverability of these assets in case the planned growth and margins for the domestic or international business are not realized as budgeted or forecasted by management. In determining the value in use of cash-generating units, management applies judgment in estimating – amongst other factors – future revenues and margins, long-term growth, and discount rates. Such assumptions are affected by expected future market or economic conditions. Due to the significance of the carrying amount of the goodwill and brands with indefinite useful life and the judgment involved in performing the impairment test, this matter was considered significant to our audit.

OUR AUDIT RESPONSE

Our procedures included, amongst others, evaluating the Group’s valuation model for the impairment test of goodwill and brands with indefinite useful life and analyzed the underlying key assumptions, including future long-term growth and discount rates and compared these assumptions to corroborating information. We also assessed the assumptions regarding future revenues and margins and reviewed the historical accuracy of the Group’s estimates. We further evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied.

Our audit procedures did not lead to any reservations concerning the valuation of goodwill and brands with indefinite useful life.

UNCERTAIN TAX POSITION NEODENT

AREA OF FOCUS

At 1 March 2015, the tax-deductible goodwill amounted to CHF 124.9 million and the carrying amount of the respective deferred tax assets amounted to CHF 42.5 million. As of balance sheet date the recognized deferred tax assets relating to tax-deductible statutory goodwill and fair value step-ups amount to CHF 17.1 million.

Such tax-deductible statutory goodwill and fair value step-ups stem from mergers subsequent to Neodent's acquisition through fully owned subsidiaries. The Group performs periodic assessments of the recoverability of deferred tax assets (see Group's disclosures Note 7.7).
Brazilian tax authorities have challenged the legality of the tax-deductibility of the statutory goodwill and intangibles assets. Due to the judgement involved in making an assessment regarding the decision by the court this matter was considered significant to our audit.

OUR AUDIT RESPONSE
Our procedures included, amongst others, involving local Brazilian tax experts to assist in evaluating the Group's assessment regarding tax-deductibility of statutory goodwill and fair value step ups.

Further, we analyzed the reassessment of the Group related to the decision of the Brazilian Administrative Court of First Instance and the negative decision of the second level appeal which may impact the appropriateness of the deductibility of statutory goodwill and fair value step ups.

Our audit procedures did not lead to any reservations concerning the measurement of deferred tax assets of Neodent as well as the recognition and measurement of the uncertain tax position.

OTHER INFORMATION IN THE ANNUAL REPORT

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Martin Mattes	Fabian Meier
Licensed audit expert (Auditor in charge)	Licensed audit expert

Basel, 14 February 2022

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FINANCIAL

FINANCIAL REPORT STRAUMANN HOLDING

BALANCE SHEET

ASSETS

(in CHF 1 000)	Notes	31 Dec 2021	31 Dec 2020
Cash and cash equivalents		508 226	211 541
Securities and short term deposits		120 270	99 659
Other short-term receivables		15 748	14 462
from third parties		214	264
from investments		15 534	14 198
Prepaid expenses		212	264
Total current assets		644 456	325 926
Other long-term receivables		1 034	0
Financial assets	2.1	810 821	948 218
Investments	2.2	962 655	822 112
Intangible assets		41	46
Total non-current assets		1 774 551	1 770 376
TOTAL ASSETS		2 419 007	2 096 302

EQUITY AND LIABILITIES

(in CHF 1 000)	Notes	31 Dec 2021	31 Dec 2020
Trade payables to third parties		13	101
Short-term interest-bearing liabilities to investments	2.3	182 544	89 978
Other short-term liabilities to investments		1	485
Other short-term liabilities to third party		914	1 645
Short-term provisions	2.4	217	7 974
Deferred income		1 785	2 007
Total current liabilities		185 474	102 190
Long-term interest-bearing liabilities		667 469	544 783
to third parties	2.5	480 000	480 000
to investments		187 469	64 783
Long-term provisions		3 000	3 000
Total non-current liabilities		670 468	547 783
Total liabilities		855 942	649 973
Share capital	2.6	1 592	1 591
Reserves from capital contributions[1]	2.7	105 410	87 441
Share premium		9 281	9 281
Legal retained earnings		(14 206)	(8 599)
Reserves for treasury shares	2.8	5 625	11 232
Capital reserves	2.9	(23 371)	(23 371)
Statutory reserves		1 540	1 540
Extraordinary reserves		2 000	2 000
Voluntary retained earnings		1 460 988	1 356 615
Available earnings			
- Retained earnings		1 270 842	1 199 019
- Net result		190 146	157 596
Total equity		1 563 065	1 446 329
TOTAL EQUITY AND LIABILITIES		2 419 007	2 096 302

1 Thereof CHF 28 965 849 (2020: CHF 10 996 956) not accepted by the Swiss Federal Tax Administration in 2021

INCOME STATEMENT

(in CHF 1 000)	Notes	2021	2020
Income from investments	2.11	203 376	171 820
Other financial income	2.12	21 071	17 216
Other operating income	2.13	0	15 629
Total income		224 447	204 665
Other financial expense	2.14	(13 355)	(7 902)
Board compensation		(1 697)	(1 674)
Other operating expense	2.15	(3 000)	(4 986)
Impairment on investments	2.16	(16 243)	(32 479)
Amortization of intangible assets		(6)	(31)
Total expenses		(34 301)	(47 072)
Result before income tax		190 146	157 593
Direct taxes		0	3
NET RESULT		190 146	157 596

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPLES

1.1 GENERAL

Straumann Holding AG is a public company whose shares are traded on the Swiss Exchange (SIX). As the parent company of the Straumann Group, the purpose of Straumann Holding AG is to acquire, dispose of and manage investments in the field of dental and medical technology.

These financial statements have been prepared in accordance with the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

As Straumann Holding AG has prepared consolidated financial statements in compliance with accepted international accounting standards (IFRS), it has decided to forego presenting a cash flow statement in accordance with the law.

Straumann Holding AG together with its subsidiaries Institut Straumann AG, Straumann Villeret SA and Instradent AG are treated as a VAT group by the Swiss Federal Tax Administration. Owing to this group taxation, Straumann Holding AG is liable to the Swiss Federal Tax Administration jointly and severally with all group members for any VAT.

1.2 FINANCIAL ASSETS

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the exchange rate at the balance sheet date, whereby unrealized losses are recorded but unrealized gains are not recognized.

1.3 TREASURY SHARES

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expense.

1.4 SHARE-BASED PAYMENTS

Should treasury shares be used for share-based payments for the Board Members' compensation, the difference between the acquisition costs and any consideration paid is recognized as board compensation.

1.5 INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are recognized at nominal value. Discounts and issuing costs are recognized as prepaid expenses and amortized on a straight line basis over the term of the liability.

2 INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

2.1 FINANCIAL ASSETS

(in CHF 1 000)	31 Dec 2021	31 Dec 2020
Loans to subsidiaries	797 120	945 815
Loans to third parties	13 702	2 403
TOTAL	810 821	948 218

2.2 INVESTMENTS

The direct and major indirect investments of the company are listed in Note 9.5 to the Straumann Group Financial Statements. Ownership interests equal voting rights.

2.3 SHORT-TERM INTEREST-BEARING LIABILITIES TO INVESTMENTS

Short-term interest-bearing liabilities to investments consist of a short term intercompany loan of CHF 59.4 million (2020: CHF 39.7 million) and cash pool liabilities which add up to CHF 86.5 million (2020: CHF 18.1 million) as well as earn-outs of CHF 36.6 million (2020: CHF 32.2 million).

2.4 SHORT-TERM PROVISIONS

In 2021 short-term provisions include provisions for taxes CHF 0.2 million (2020: CHF 7.3 million short-term provisions for unrealized foreign exchange gains and taxes CHF 0.7 million).

2.5 INTEREST-BEARING LIABILITIES TO THIRD PARTIES

(in CHF 1 000)	31 Dec 2021	31 Dec 2020
Bonds	480 000	480 000
TOTAL	480 000	480 000
BOND CONDITIONS		
Nominal value	200 000	200 000
Interest rate in %	0.55	0.55
Maturity / term in years	5.2	5.2
Due date / maturity	3 Oct 2025	3 Oct 2025
Nominal value	280 000	280 000
Interest rate in %	1.0	1.0
Maturity / term in years	3.5	3.5
Due date / maturity	3 Oct 2023	3 Oct 2023

The Group placed a CHF-denominated domestic straight bond issue for an aggregate amount of CHF 280 million with issue date 3 April 2020, payable annually in arrears on 3 October. In July 2020 the Group placed an additional CHF-denominated domestic straight bond for an aggregate amount of CHF 200.0 million, with issue date 15 July 2020, payable annually in arrears on 3 October.

Denominations of the bonds are CHF 5 000 nominal and multiples thereof. The bonds have been admitted to trading on the SIX Swiss Exchange with effect from 27 March 2020 until 3 October 2023 respectively from 10 June 2020 until 3 October 2025 and are listed in accordance with the Standard for Bonds on the SIX Swiss Exchange.

2.6 SHARE CAPITAL

The share capital for 2021 is CHF 1 592 136.90 and is represented by 15 921 369 registered shares of CHF 0.10 par value. On 19 April 2021 an option agreement between Institut Straumann AG and Straumann Holding AG was signed, which resulted in a nominal capital increase of CHF 1 454.50. The new shares were created from conditional share capital.

In 2020 the share capital was CHF 1 590 682.40 and was represented by 15 906 824 registered shares of CHF 0.10 par value.

2.7 RESERVES FROM CAPITAL CONTRIBUTION

From a fiscal point of view, any distributions made from reserves from capital contributions are treated the same as a repayment of share capital. The Swiss Federal Tax Administration (ESTV) acknowledged the reported reserves for capital contribution as a capital contribution in accordance to Article 5 Paragraph 1 bis VStG.

2.8 RESERVES FOR TREASURY SHARES

The shares of Straumann Holding AG on stock of Institut Straumann AG amount to 5 658 shares with an average value of CHF 994.12. The decrease occurred due to the share based payment program and employee shares program (2020: 14 775 with an average value of CHF 760.20).

2.9 CAPITAL RESERVES

In 2020 AG Projection, a French holding company which holds a 70% share of Anthogyr Sallanches, was merged into Straumann Holding AG. A merger loss in the amount of CHF 23.4 million has been booked into retained earnings (capital reserve).

2.10 TREASURY SHARES

Since 2017 all shares have been sold and no transactions regarding treasury shares occurred in 2021 and 2020.

2.11 INCOME FROM INVESTMENTS

In the reporting period the dividend income amounted to CHF 203.4 million (2020: CHF 171.8 million).

2.12 OTHER FINANCIAL INCOME

Other financial income amounts to CHF 21.1 million (2020: CHF 17.2 million) and contains mainly the interest income from loans to subsidiaries and income from hedges on foreign currencies.

2.13 OTHER OPERATING INCOME

In 2021 there is no other operating income. In 2020 other operating income amounted to CHF 15.6 million and consisted of a reversal of a provision for acquisition.

2.14 OTHER FINANCIAL EXPENSE

Other financial expense amount to CHF 13.4 million and consists of valuation of the loans, interest expense as well as losses from foreign currencies (gain from foreign currencies in 2020) and earn outs. In 2020 other financial expense amounted to CHF 7.9 million and mainly contained the valuation of the loans, interest expense from bonds and earn outs.

(in CHF 1 000)	2021	2020
Interest	9 096	7 289
Foreign exchange losses	4 198	0
Other financial expense	61	613
TOTAL	13 355	7 902

2.15 OTHER OPERATING EXPENSE

(in CHF 1 000)	2021	2020
Administrative expense	490	780
Consulting expense	1 046	1 433
Sundry expense	1 464	2 773
TOTAL	3 000	4 986

2.16 IMPAIRMENT ON INVESTMENTS

In 2021 there were impairments on investments in the amount of CHF 16.2 million. CHF 15.3 million of the impairment expenses are due to a remeasurement of the fair value of an investment in equity shares of a medical device company. In 2020 there was a reversal of impairments in the amount of CHF 60 million and there were impairments on investment in the amount of CHF 92.5 million.

3 OTHER INFORMATION

3.1 FULL TIME EQUIVALENTS

Straumann Holding AG does not have any employees.

3.2 MAJOR SHAREHOLDERS

Shareholders who own more than 3 percent of voting rights are as follows:

(in %)	31 Dec 2021[1]	31 Dec 2020[1]
MAJOR SHAREHOLDERS		
Dr h.c. Thomas Straumann (Vice Chairman of the Board)	16.3	16.9
Dr h.c. Rudolf Maag	10.3	11.2
Black Rock Group[2]	7.3	7.3
Simone Maag de Moura Cunha	3.5	3.7
Gabriella Straumann	3.0	3.0
TOTAL MAJOR SHAREHOLDERS	40.3	42.0

1 Or at last reported date if shareholdings are not registered in the share register
2 Not registered in Straumann's share register

3.3 ALLOCATION OF EQUITY INSTRUMENTS TO THE BOARD OF DIRECTORS

According to the compensation plan, Board members' fees are paid in a fixed remuneration and shares (in 2020 due to COVID-19 the Board voluntarily reduced their share grants by 40 percent). The number of shares is calculated based on the average price over the last seven days prior to the allocation.

The allocation was as follows:

	2021		2020	
	Number	Value in CHF 1 000	Number	Value in CHF 1 000
Allocated to the Board of Directors	810	1 001	799	602

3.4 EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed in these financial statements.

4 EQUITY INSTRUMENTS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The following tables disclose the number of vested and non-vested equity instruments (shares, options and Performance Share Units) held on 31 December 2021 and 2020 by the members of the Board of Directors, the Executive Management Board and individuals related to them.

2021

	Shares	Performance Share Units		
		20 Apr 2022	20 Apr 2023	20 Apr 2024
BOARD OF DIRECTORS				
Gilbert Achermann	33 184	0	0	0
Dr h.c. Thomas Straumann	2 600 396	0	0	0
Dr Sebastian Burckhardt	2 049	0	0	0
Marco Gadola	5 060	1 138	0	0
Juan-José Gonzalez	281	0	0	0
Dr Beat Lüthi	4 220	0	0	0
Petra Rumpf	2 911	0	0	0
Regula Wallimann	900	0	0	0
Total	2 649 001	1 138	0	0
EXECUTIVE MANAGEMENT BOARD				
Guillaume Daniellot	623	255	1 062	917
Wolfgang Becker	662	302	336	205
Camila Finzi	396	0	354	216
Dr Peter Hackel	987	326	363	221
Holger Haderer	493	80	265	189
Mark Johnson	150	0	248	151
Patrick Loh	0	326	363	221
Alastair Robertson	53	272	354	216
Dirk Reznik	177	0	354	216
Aurelio Sahagun	87	0	0	337
Rahma Samow	104	0	0	210
Matthias Schupp	369	207	230	140
Christian Ullrich	96	0	0	194
Robert Woolley	0	207	0	0
Total	4 197	1 975	3 929	3 433
TOTAL	2 653 198	3 113	3 929	3 433

2020

	Shares	Performance Share Units		
		27 Apr 2021	20 Apr 2022	20 Apr 2023
BOARD OF DIRECTORS				
Gilbert Achermann	34 721	0	0	0
Dr h.c. Thomas Straumann	2 691 565	0	0	0
Monique Bourquin	1 103	0	0	0
Dr Sebastian Burckhardt	3 085	0	0	0
Marco Gadola	2 071	1 845	1 385	0
Juan-José Gonzalez	200	0	0	0
Dr Beat Lüthi	4 139	0	0	0
Regula Wallimann	819	0	0	0
Total	2 737 703	1 845	1 385	0
EXECUTIVE MANAGEMENT BOARD				
Guillaume Daniellot	0	304	255	1 062
Wolfgang Becker	600	369	302	336
Jens Dexheimer	143	326	0	0
Camila Finzi	430	0	0	354
Dr Peter Hackel	500	402	326	363
Holger Haderer	292	104	80	265
Mark Johnson	650	0	0	248
Patrick Loh	0	402	326	363
Dr Andreas Meier	732	168	175	248
Alastair Robertson	0	0	272	354
Dirk Reznik	0	0	0	354
Petra Rumpf	2 170	434	0	0
Matthias Schupp	140	239	207	230
Robert Woolley	0	0	127	283
Total	5 657	2 748	2 070	4 460
TOTAL	2 743 360	4 593	3 455	4 460

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF THE AVAILABLE EARNINGS

(in CHF 1 000)	2021	2020
Net result	190 146	157 596
Carried forward from previous year	1 265 233	1 200 727
Change in reserves for treasury shares	5 607	(1 708)
Profit available to the Annual General Meeting	1 460 986	1 356 614
Dividend paid out of the available earnings (CHF 5.75 per share)		(91 381)
Proposed dividend to be paid out of the available earnings (CHF 6.75 per share)	(107 431)	
BALANCE CARRIED FORWARD	1 353 555	1 265 233

The Board of Directors proposes to the Shareholders' General Meeting that a total dividend of CHF 6.75 per share be distributed, payable as of 11 April 2022. Calculated based on the total number of outstanding shares of 15 915 711, this corresponds to a total amount of CHF 107.4 million. In deciding on the appropriation of dividends, the Shareholders' General Meeting shall take into account that the Company will not pay a dividend on treasury shares held by the Company.

The remaining amount of the available earnings is to be carried forward.

AUDIT REPORT – FINANCIAL STATEMENTS STRAUMANN HOLDING AG

To the General Meeting of Straumann Holding AG, Basel

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Straumann Holding AG, which comprise the balance sheet, income statement and notes (pages 186 to 192), for the year ended 31 December 2021.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

REPORT ON KEY AUDIT MATTERS BASED ON THE CIRCULAR 1/2015 OF THE FEDERAL AUDIT OVERSIGHT AUTHORITY

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Martin Mattes	Fabian Meier
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Basel, 14 February 2022

EY
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